Report of the
PROPERTY TAX FORUM

Honourable Mel Couvelier
Honourable Rita Johnston
Mayor Marilyn Baker
Mr. Conrad J. Adams

Province of British Columbia

December 1989

Canadian Cataloguing in Publication Data

Property Tax Forum (1989 : Campbell River, B.C., etc.)
Report of the Property Tax Forum

Meetings of the Property Tax Forum were held in August and September 1989.
ISBN 0-7726-1055-X

1. Real property tax — British Columbia. 2. Tax assessment — British Columbia. I. British Columbia. II. Title.

HJ4293.B7P76 1989 352.1'3521'09711 C90-092023-8

Copies of this document
may be obtained from:

Ministry of Finance and
Corporate Relations
Communications Branch
105-617 Government Street
Victoria, British Columbia
V8V 1X4

or

Union of British Columbia
Municipalities
15, 10551 Shellbridge Way
Richmond, British Columbia
V6X 2W1

or

Ministry of Municipal Affairs,
Recreation and Culture
Public Affairs Branch
2nd Floor, 1312 Blanshard Street
Victoria, British Columbia
V8W 3E1

or

local Government Agent

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90-01766/

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REPORT OF THE PROPERTY TAX FORUM — DECEMBER 1989

INTRODUCTION

A Review of Property Taxes (Property Tax Forum) was announced by the Honourable Mel Couvelier, Minister of Finance and Corporate Relations and the Honourable Rita Johnston, Minister of Municipal Affairs, Recreation and Culture, on July 7, 1989.

The Review was established in response to public concern over property tax increases. Its purpose was to provide the public with a forum in which local taxpayers could express their concerns over the property tax system and offer solutions to a four-member panel established for that purpose.

The Property Tax Forum held meetings during August and September 1989, in 17 locations around the province, chosen to provide access to a large proportion of provincial residents. Meetings were well attended, each averaging about 100 people, with notably higher attendances at Dawson Creek, Surrey and Saanich.

Submissions were presented orally at the meetings and many others were provided in writing. More than 500 submissions, written and oral, had been received by the end of October.

This report summarizes the principal comments of taxpayers. The comments of local taxing authorities, mainly school boards and municipalities, were also carefully considered.

The report includes:

- Foreword by the Chairman, Honourable Mel Couvelier
- Summary of Taxpayer Submissions
- Commentary on Taxpayer Submissions
- Recommendations of the Panel
- Appendices.

In addition to releasing this report to the public, the Honourable Mel Couvelier and the Honourable Rita Johnston will provide this report to their Cabinet colleagues for consideration in connection with improvements to the property tax system.

The report does not contain any recommendations of Honourable Couvelier and Honourable Johnston. It was felt that if changes are to be made to the property tax system, they should be made as a result of full Cabinet deliberations. Consequently, it is not appropriate for the two Ministers on the panel to publish their views independently.

The Property Tax Panel

Honourable Mel Couvelier, Minister of Finance and Corporate Relations, whose responsibilities included the operations of the British Columbia Assessment Authority, as well as provincial property tax legislation in rural areas.

Honourable Rita Johnston, former Minister of Municipal Affairs, Recreation and Culture, whose responsibilities included the operations of municipalities, which are major users of the property tax system and are the collectors of property taxes for all other users in municipal areas.

Mayor Marilyn Baker, of the District of North Vancouver, who was President of the Union of British Columbia Municipalities in 1988/89.

Mr. Conrad Adams, a proponent of change to the property tax system from the Victoria area, who appeared on the panel as a taxpayer representative.

Meetings of the Property Tax Forum were held in the following locations:

Campbell River	August 22
Dawson Creek	August 24
Castlegar	August 29
Kimberley (Mayor and Council)	August 29
Cranbrook	August 29
Terrace	August 31
Prince George	September 6
Kamloops	September 7
Quesnel	September 8
Williams Lake	September 8
Vancouver (West side)	September 11
Vancouver (East side)	September 11
Abbotsford	September 12
Surrey	September 12
Squamish	September 14
Saanich	September 14
Kelowna	September 26

FOREWORD BY THE CHAIRMAN,
HONOURABLE MEL COUVELIER

The Property Tax Forum provided us with considerable insight into the concerns of local taxpayers around the province. Most participants provided well-considered submissions on the issues important to them. A wide variety of concerns were discussed, but the issues which impressed us as causing most concern were:

- Stability of the tax system. Taxpayers are rightly concerned about rapid changes in taxes from year to year.
- Flexibility. Problems vary by region and municipality, demonstrating the need for local flexibility.
- School taxes. Taxpayers from around the province were concerned about the level and growth of school taxes in recent years.

As panel members, Honourable Johnston and I have formed our own opinions as to the kinds of changes to the system we would like to see. As Cabinet members, however, our own views must be secondary to those of Cabinet as a whole. It is therefore with some regret that we feel we cannot put forward any specific recommendations in this report. Instead the Property Tax Forum report will be presented to the provincial Cabinet and measures to address taxpayer concerns will be carefully examined. The challenge is to make lasting improvements that deal with the specific concerns of taxpayers, without damaging the overall property tax system.

This report will be presented to Cabinet in the near future, so that any decisions on changes to the property tax system can be made in time to affect tax practices in 1990. The announcement and timing of such changes must, however, remain the prerogative of the government.

SUMMARY OF TAXPAYER SUBMISSIONS

The panel heard a wide variety of views on the extent of problems with the property tax system. While there was no single recommendation that was universally supported by taxpayers, there were some themes that were frequently raised.

General Concerns

There is broad concern that the levels of taxation imposed on the residential sector have been growing faster than other cost of living indicators.

A particular concern is that residential taxation is growing faster than the costs of the principal taxing authorities (municipalities and school districts). Taxpayers suggest that there has been an unwarranted shift in burden from other tax sources.

Because the Forum focussed on the concerns of "ordinary taxpayers", most of the comments received referred to residential taxes. Submissions by small business people tended to be similar to those of residential taxpayers, in that they were targetted at the size of school and, in some areas, municipal budgets, the problems caused by rising taxes unrelated to business income (ability to pay), and the instability of taxes from year to year.

Stability of the Assessment or Tax Base (section 1)

Stability is an important objective for property taxpayers. There is substantial support for action that would reduce the likelihood of sudden change in tax burden from year to year on individual properties. A common suggestion is to average market value over three to five years.

In larger communities, where market values are increasing, the principal concern is tax shift within the municipality or school district. Typically, the shift is caused by varying rates of market value increase which put a greater burden on properties showing the greatest value increases. These are usually the highest valued properties already, with comparatively large tax burdens.

In some small communities with declining economies market values are dropping more for older homes. The effect is a transfer of tax burden to the newer and more valuable homes which are retaining their values.

Ideas for improving the stability of the tax system (section 1.2) included:

- averaging assessments;
- capping assessment or tax increases;
- phasing in new assessed values;
- returning to the annual roll; and
- providing greater advance notice of taxes.

Classification (section 2)

Comments on the classification system were received from people who are affected by some aspect of it, and from municipal representatives.

Ideas (section 2.2) included:

- simplifying the classification structure;
- splitting the residential class;
- reinstating the seasonal resort classification;
- altering the qualifications and benefits for farm land; and
- altering the treatment of forest land to encourage responsible management.

Property Tax Distribution (section 3)

Although there were strong opinions presented that the present property tax system based principally on market values was in some respects unfair, there was no particular alternative tax base for local services which had universal support. Most speakers accept the view that property taxes should be distributed to some extent on the basis of market value, although they differ on the weight that should be placed on this factor.

Where property values and taxes are increasing (or decreasing) rapidly, there is some pressure for a move away from market value as a measure for determining taxes. In these cases, greater use of other measures of property tax, such as parcel taxes, are favoured, which could have a significant redistribution effect.

Owners of rural property, recreational property and lessees on Indian reserve land were concerned that the taxes they were paying were not matched by services received. Recreational property owners noted that they made no use of local schools, for example.

Business tenants of commercial property, who are responsible for taxes as a condition of their tenancies, complained that the taxes are unrelated to their ability to earn income from their businesses. In areas of fast rising values, such as parts of the Lower Mainland, tax shifts are threatening the viability of some businesses at their present locations.

Specific suggestions (section 3.2) included:

- use of poll taxes;
- use of parcel, frontage or area-based taxes;
- taxing land and improvements differently;
- making greater use of user charges; and
- moving to rental values for commercial properties.

Exemptions, Deferrals, and other Relief Measures (section 4)

There is support from pensioners and others on low or fixed incomes for limits on tax increases, or similar measures to protect them from ever-increasing taxes while they continue in the same home. There is general rejection by these groups of the idea that they should defer their taxes.

There were requests for greater contribution to the costs of local government from sources that are currently partly or completely exempt, such as Crown properties, churches and other charitable or quasi-charitable bodies.

Suggestions (section 4.2) included:

- reducing Crown exemptions;
- returning "machinery and equipment" to the assessment rolls;
- expanding the scope of Crown grants-in-lieu of taxes;
- reducing or expanding other specific exemptions;
- reducing or eliminating the Home Owner Grant (along with a reduction of residential school tax);
- rationalizing the exemptions applicable to different taxes; and
- eliminating or reducing commercial improvements exemptions.

Efficiency and Accountability Issues (section 5)

There is concern about the rising costs of local government, and some demand for increased control over budgets, particularly of school districts.

Ideas discussed (section 5.2) included:

- improving accountability through poll taxes;
- improving accountability through referenda;
- increasing provincial control over local budgets;
- removing some local government powers; and
- appointing provincial representatives to school boards.

School Taxation (section 6)

There is considerable support for the proposal that school taxes should be reduced or eliminated for residential property, but some concern about the effect this might have on accountability. Taxpayers do not generally have clear views as to where additional funds should be raised if school property taxes were to be reduced.

Many submissions were received from school board representatives. The main points were that they are not the sole cause of increased residential school taxes, that changes should not be made which decrease overall funding to schools or reduce local board autonomy, and that increased provincial funding for schools is necessary to relieve the tax pressure on local residents.

Specific suggestions (section 6.2) were:

- improve estimation of the core cost of schools;
- retain local taxation for accountability;
- increase provincial funding of the core budgets;
- block funding for schools;
- recycle the Home Owner Grant "spillover" into the school system;
- eliminate residential school taxation entirely;
- eliminate or reduce the Home Owner Grant;
- increase income and other provincial taxes to fund schools;
- introduce user fees for school functions; and
- adjust the grant distribution formula between school districts.

Municipal and Regional Concerns (section 7)

There is concern outside the Lower Mainland and southern Vancouver Island that measures may be adopted which would benefit residents in the southwest of the province, where market values have been increasing rapidly, at the expense of smaller communities which have seen flat or declining values.

In smaller communities there are calls for measures which recognize the problems of declining economies, by restraining large tax rate increases as market values are falling.

COMMENTARY ON TAXPAYER SUBMISSIONS

The meetings were designed to complement other initiatives affecting the property tax system in 1989.

- Education financing received considerable attention as part of the broader 1988 Royal Commission report (**Sullivan Report**). Subsequently the Honourable Anthony Brummet, Minister of Education, conducted a tour of the province to discuss the implementation of this report with interested parties.
- The Union of British Columbia Municipalities (UBCM), together with the Ministry of Municipal Affairs, Recreation and Culture (MARC) prepared a study entitled *Financing Local Government Study,* whose recommendations were presented at the UBCM annual convention in Penticton in late September 1989.

The Property Tax Forum, therefore, has served as a vehicle to ensure that the views of ordinary taxpayers are heard prior to Cabinet consideration of changes to the property tax system.

A variety of opinions were received, both as to what was wrong or right with the present system, and as to changes that should be considered. While it is not practical in this report to list every submission, an attempt has been made to summarize each of the major proposals presented by taxpayers, either at the public meetings, or by written submission. Some indication of the degree of support for each proposal is given and explanation and commentary supplied, where clarification is needed. The cost of proposals is also estimated.

1. STABILITY OF THE ASSESSMENT OR TAX BASE

1.1 Issue:

Under this heading are those proposals which do not question the use of **actual or market value** as the basis for distributing the tax burden among property taxpayers. There were many submissions, both from residential and commercial taxpayers, arguing for modifications to deal with rapid changes to market prices in some areas of the province.

Comments from residential taxpayers came from many areas of the province, including locations where values were declining as well as those communities (particularly Vancouver and Victoria areas) where prices have been rising.

Residential landlords were concerned that large increases in taxes resulting from assessment increases would cause major increases in rents. This in turn threatens the availability of affordable rental housing in central areas.

Submissions from commercial taxpayers came mainly from Vancouver, Dawson Creek and Kelowna. In Vancouver, principally on the west side and in Chinatown, rapidly rising market values have caused tax increases in 1989 of over 50 per cent for approximately 1,000 taxpayers. This problem is especially acute for tenants with "triple net" leases, who were often unaware of the tax increase until shortly before the payment date. In areas of declining value, such as Dawson Creek, some commercial properties have maintained their value and experienced significant tax increases.

Inadequate notice of the major tax increases, and the abrupt nature of the tax increases, were common themes in submissions from commercial taxpayers.

1.2 Proposals:

The three principal ideas presented were:

- new assessed values should be **averaged** over a number of years;
- there should be a **cap** on the percentage amount that taxes may increase following a revaluation; or
- new assessed values, or the taxes which result from them, should be **phased** in over a period of time.

A related suggestion is that British Columbia move from its present two-year assessment cycle back to a one-year cycle, so that assessment changes are more moderate on each revaluation.

In addition, since some change from year-to-year in tax levels is generally expected, commercial taxpayers were concerned that additional notice of tax increases be provided, or that more time to pay be allowed without penalty.

Comment:[1]

The three principal ideas have some common features:

- *They all serve to reduce the amount by which taxes may change from year to year, and therefore help people to plan for subsequent years. However they do not protect people in the long term from tax shifts due to value changes, but merely slow the rate of change.*
- *All three methods introduce an extra level of complexity into the calculation of tax, since to calculate the tax for any year requires knowledge of assessment or tax figures from previous years which must be included in the calculation.*
- *Whichever method is chosen, special rules must be worked out to deal with new property configurations, whether created by subdivision, rezoning, demolition or new construction. Decisions must be made on whether and to what extent previous values should influence the value of a "new" property. These decisions form another potential ground of controversy.*
- *Because taxable values or taxes are based in part on the history of the property from previous years, all three approaches lead to situations in which similar properties pay different amounts of tax. This is particularly true of some capping proposals.*
- *Finally, each of these modifications will give temporary relief in a rising market to those properties which have increased most in value, at the expense of those which have not.*

1.2.1 Averaging assessments

The most frequent proposal (approximately 25) for improving stability was to average assessments over a period of three to five years. This suggestion was usually combined with a request to return to annual assessments.

Municipal representatives tended to support averaging as creating a better match between the fairly stable system of expenditures and the tax base needed to support the expenditures.

Under an averaging system, the most current market value would be reported each revaluation year, and would be subject to appeal. Values for previous years, together with the averaged value would also be shown on assessment notices, but be clearly distinguished to avoid confusion. Special rules would have to be adopted for new properties or newly improved properties, although no speaker presented specific proposals on this point.

1.2.2 Capping

Capping of tax or assessment increases was proposed by some people (approximately 20). A typical submission would ask to limit the allowable increase in tax on any property to the increase in local government budgets, or to a cost of living increase. According to some proponents of this suggestion, new assessments or tax levels should only be permitted at the time a property is built or sold. As long as it remains with one owner, the tax would only be allowed to increase by a specified annual percentage, or in proportion to budget or cost of living increases. This is the principal thrust of California's "Proposition 13" constitutional amendment, although there were other features as well.

Comment:

The advantage of this system is that the owner can predict future tax costs with some certainty and know that tax costs will remain stable after adjustment for inflation.

The principal disadvantage of capping based on sale prices is that it introduces an immediate inconsistency between identical or similar properties, depending on when they were last sold. A second, less obvious objection is that if a number of properties become

[1] All comments are by Ministry of Finance and Corporate Relations officials.

"insulated" (as from long ownership) from full tax increases, then local governments find themselves placing the large burden of budgetary increases on new or newly sold properties which will face percentage increases much higher than the budget increases of local government. This would have the effect of discouraging new residential construction.

1.2.3 Phasing

This is a variation of capping or averaging, in which new values (or new tax levels) are phased in over a period of years, usually in equal stages. Similar comments to those given above for averaging and capping apply in this case.

1.2.4 Assessment cycle

British Columbia moved to a two-year assessment cycle from the previous annual cycle as a restraint measure in 1983. The objective was to reduce the amounts spent on valuations and assessment appeals. The disadvantages are that assessments are not as current, which, in turn, leads taxpayers to doubt their validity, and, in a period of fast changing values, the change over a two-year period can be significant.

For the latter reason in particular, the majority of respondents who considered this topic urged a return to the annual assessment roll, feeling that it is worth the additional cost. A smaller number decided the two-year roll should remain, and one or two submissions were in favour of a longer period between revaluations.

Comment:

Returning to the annual assessment roll would, in most cases, have an effect similar to averaging, in that changes would be smaller than they are at present. If averaging were introduced as well, the combined effect would be a smoothing of value changes from one year to the next.

1.2.5 Provide additional notice of assessment and taxes

Although this is not a cure for instability, commercial taxpayers felt they would be better able to deal with changing tax levels if they had more advance notice. Commercial tenants, in particular, are often unaware of the assessment, which is normally sent only to the landlord unless they ask for an additional copy. Tenants often only find out about their tax liability under their leases after it is too late to question the assessment, and when the taxes are already or imminently due.

In addition to greater notice, some taxpayers called for improved design of assessment notices. A particular suggestion was to include information on the relative change in the assessment compared to the community average.

1.3 Cost

The cost[1] of the assessment or tax changes discussed above would cause the tax burden to be redistributed among taxpayers, mostly from those properties increasing rapidly in value to those increasing in value more slowly. There would be no reduction in overall taxes.

A change to an annual assessment roll from a two-year roll would not have a major cost.

2. CLASSIFICATION

2.1 Issue:

All property in British Columbia is placed into one or more of nine classes, upon which local governments can apply different tax rates. This method was initially introduced to avoid massive tax

[1] All cost estimates in this report have been made by the Ministry of Finance and Corporate Relations.

shifts that would otherwise have occurred when the province introduced the principle of full actual value for all properties in the province. Businesses, for example, had traditionally paid higher taxes than residences in most municipalities, on the same assessed value. A single tax rate would have resulted in a shift of the tax burden onto residences in most parts of the province.

A second use of the classification system is that it allows special assessment approaches to be legislated for particular kinds of properties. Thus Class 9 — Farm Land — exists as much to allow a "farm value" valuation technique as to allow for a special tax rate. Similarly, a new Class 4 — Major Industry — was introduced in 1988 to establish a valuation by manual reference for approximately 400 properties in the province for which market valuations are difficult to obtain.

Some properties are protected from the full effects of changing markets for land for policy reasons. A principal example is farm land. A combination of non-market assessments for farm land and exemptions from certain taxes, make the property tax burden on farms much lower than if they were treated like other properties. The purpose of such provisions is to relieve farmers from the pressure to sell their farms for redevelopment, and hence to preserve farm land around growing towns and cities.

Every classification decision introduces an element of arbitrariness into the tax system, in that the tax differences between classes are not simply driven by market values, but can also be the result of municipal or provincial government decisions to favour one group at the expense of another through the rate structure. In addition, the existence of multiple classes adds complexity.

Overall, there were relatively few submissions on classification, and they were divided between those who would reduce the number of classes, and those who would increase them.

2.2 Proposals:

Perhaps because the focus of the Forum was on the individual taxpayer, there were few comments about the classification method (approximately 10). Most respondents were concerned with residential taxes, and had no suggestions regarding other classes of property. Nevertheless the panel heard submissions on the following points:

2.2.1 Simplify the classification system

The subject of classification was raised in briefs filed by or on behalf of municipalities, largely because it was considered in the *Financing Local Government Study* conducted by the UBCM and the Ministry of Municipal Affairs, Recreation and Culture. In general, the comments support the recommendations of that other study, to the effect that the classifications should be reviewed with the objective of simplifying and reducing the number of classes.

2.2.2 Splitting the residential class

The classification issue was also raised in briefs filed by housing associations, strata corporations and mobile home owners. These groups argue that they receive fewer municipal services, and should be given tax relief for that reason. Some submissions urged the subdivision of the residential classification to acknowledge a difference between the markets for different kinds of residential class properties.

Different classifications were requested between rental properties (apartment blocks) and individually owned properties (houses and strata apartments); between bare land strata developments and other housing; or between recreational properties and principal homes. This would allow municipalities to offset shifts caused by market movements, or to allow for different service levels, by adjusting the tax rates between the subclasses.

2.2.3 Reinstatement of a "seasonal" tourist accommodation class

Submissions were received from some owners or managers of motels and resorts which operate on a seasonal basis, complaining about the elimination of the "seasonal tourist accommodation" class. Until 1988, properties which were either closed or converted to monthly tenancies for at least 150 days per year were put into a special class and given a favourable tax rate.

Comment:

The government responded to arguments that this classification was unfair to the motels and resorts which operated on a longer season, or year-round. The decision was therefore made to put all tourist accommodation properties into the same (business) class. At the same time, the Tourist Accommodation (Assessment Relief) Act *was passed, which granted up to $150,000 of assessment relief to low-valued tourist accommodation properties, whether seasonal or not, in recognition of their typically small profit margins. This relief is phased out as the property value reaches approximately $3 million.*

Since the effect of these changes was to shift the benefit of tax relief from "seasonal" properties to "small" properties, there are some larger seasonal properties which have experienced very significant tax increases. Owners of these properties have requested a review of the decision.

2.2.4 Farm class

As mentioned above, farm land is placed in a separate class and is typically given a low assessed value and tax rate. This structure received its share of criticism before the panel (approximately 10 submissions). Some complaints were made that the system was being abused by "hobby farmers" to reduce taxes on property which is little more than a residence. Other submissions stated more broadly that all taxpayers should be treated similarly, and that farmers are not paying their fair share toward the costs of local services.

A specific suggestion, made both at this panel and in the *Financing Local Government Study*, is that farm residences, together with a reasonable area of land, should be valued and taxed on normal residential principles. The balance of a farmer's land could continue to receive exemptions and valuation benefits.

Comment:

Such a system would eliminate much of the current advantage, since small acreages with a home would be largely taxed as residences, even if farm class were obtained. This proposal, while promising, needs further study before the full impacts are known.

2.2.5 Forest land classes

Submissions were also received regarding the taxation of trees. The present system tries to encourage the management of forest land for sustained yield by creating a "managed forest land" class, which typically bears a low tax rate. This, however, is not a sufficient advantage according to some. Submissions were received that trees on land included in residential class property should be exempt from tax in order to encourage owners to maintain their property in its natural state.

Comment:

This exemption is unlikely, by itself, to be effective in changing logging practices on private land. As long as there is significant sale value in logs, logging will continue unless restrained by regulation.

3. PROPERTY TAX DISTRIBUTION

3.1 Issue:

In the current system property taxes are distributed among taxpayers within a class on the basis of "actual value", usually equivalent to market value. Numerous submissions to the panel asserted that the actual value system was unfair and should be changed. Criticisms were that:

- Actual value does not properly reflect "ability to pay", and taxes should be distributed on that basis. Most people offering this view felt that "ability to pay" is best measured by current

income, and therefore argued that greater reliance on income tax would be preferable. It was noted that pensioners, for example, often have low incomes and should, for this reason, be protected from property tax increases.

- Actual value does not reflect benefits or services received. Houses with very different values may be receiving similar levels of municipal service, such as general government, access to recreation facilities, or street maintenance.

Comment:

The counter-argument on "ability to pay" is that property value, while not a complete measure, is nevertheless one component of ability to pay; income is another. Under this view property taxes are a valid component of the overall tax system, as long as they do not predominate. In British Columbia, property taxes account for approximately 18 per cent of the overall tax burden, similar to the average for all provinces in Canada.

The counter-argument to the view that property taxes should be based on benefits received is that local government provides a wide variety of services with very different benefit profiles. Some services are closely connected with properties, such as sewers, water or power supply. These can be charged for on a per property or usage basis, and often are. Other services, such as municipal general government, or parks and recreation, are not clearly connected to property characteristics. For these services there is no particular logic in adopting a parcel or frontage tax, nor can one always identify users. For such "public goods", property value is argued by some tax analysts to be the better tax distribution principle.

3.2 Proposals:

Supporters of a benefits-received approach proposed different specific solutions. Some preferred the idea of a **head tax** (poll tax) (approximately 30 submissions), under which all adults, or all income-earning adults, would be required to pay the same amount of tax. Others would retain a property tax, but use a different distribution system unrelated to value, such as a **parcel tax** (flat tax on each parcel of land), a **frontage tax** (tax proportional to road frontage), or a **size tax** (tax proportional to area of land, area of improvement, or both).

A frequent suggestion was that greater use be made of **user charges** for identifiable services to individual users. Thus garbage collection, for example, which can be identified with each property, could be charged on a volume basis, instead of being included in the general property tax.

3.2.1 Head (poll) tax

A poll tax (a flat charge per person) would be the most substantial change in distributing the cost of local services. The argument generally presented in favour of a poll tax was that municipal services are used by all residents, therefore every resident should pay for them. A similar idea, presented most strongly from Victoria area submissions, was to tax equally all employed adults, since they have an "ability to pay".

Comment:

As residential property taxes currently raise about $1.3 billion across the province, and there are 1.4 million British Columbians in the work force, a flat charge on every working resident (to use that example) would need to be in the range of $900 annually to raise the same amount. (This assumes that business, industrial and other non-residential taxes continue to generate their current tax share.)

In this example, families with two or three working adults would face a large increase in taxes, whereas those families with no one in the work force, retired couples, for example, would pay nothing.

The transition from property taxes to a head or poll tax, and ongoing collection, would pose substantial administrative problems.

3.2.2 Parcel, frontage or size taxes

A parcel tax is generally a flat tax per parcel of property. Many submissions (approximately 40) were made for a tax of this type, at least within the residential class of property, reflecting the belief that services to properties are similar regardless of property value.

Comment:

As pointed out above, this argument is not accurate for all types of government services, but there is a place for such taxes to support some property-specific services.

A variation of this idea is a tax based on the dimensions of a property. A frontage tax (measured by the length of road frontage) is often used at present to pay for the road itself, or improvements that run along the road such as lighting, sidewalks, or sewerage. Submissions were made for greater use of this technique.

Some people argued for a tax based on the area of land, the dimensions of improvements on the land, or both.

Comment:

This concept would generally tax large properties more than smaller ones, but would not cause such large differences of tax burden across different areas of a community as are produced by a value-based tax.

3.2.3 Taxing land and improvements differently

There were also submissions in support of maintaining the actual value distribution system. Within this group there were, however, those who would vary the tax burden placed on the land component of value as compared to the improvements (or building component). The panel received some very detailed submissions of this type.

The argument for a **reduced** tax on **land** (as opposed to improvements) tended to be made by those whose neighbourhoods are threatened by increasing values and by redevelopment pressures. In such areas, much of the value increase is in the land (rather than the buildings). The reaction in the neighbourhood may be to ask for rules to discourage redevelopment, and to give relief to existing owners from the high taxes associated with high land values.

The argument for a **reduced** tax on **improvements,** and a higher tax on land was also made. It was stated that land speculation is in fact **encouraged** by low land taxes; thus to keep land values low, one should tax land values heavily.

If taxes on the improvements are then reduced, proponents pointed out that owners would be encouraged to maintain and improve their properties. Many people criticized the present system as discouraging upkeep and improvement.

Comment:

It is probably impossible to bring together these two views. Those who fear redevelopment of their neighbourhoods, but who appreciate, and eventually receive, the wealth created in their land by market forces, will oppose a higher land tax. Those who feel the unearned increment of land value is created by the community as a whole and should benefit the community, and who want to encourage economic growth, will support it. The panel heard submissions of both types.

3.2.4 User charges

A frequent submission was that taxes, both municipal and school, could be reduced by making greater use of user charges for identifiable services. Municipalities already have some power to impose such charges, and user or connection charges are in wide use for services such as water supply or garbage collection. These powers may need to be widened if use of such charges is to be encouraged.

User charges are of particular interest to people in bare land strata subdivisions, where many "municipal"-type services are provided by the strata corporation. User charges are also of interest to people living in mobile home parks and to non-Indians occupying Indian reserve land. In these instances the full range of municipal services may not apply but occupants are nevertheless subject to the same tax rates.

Comment:

An argument against giving special treatment to such developments is that the availability or lack of site services is taken into account in the price paid for the properties, and hence in their market values. If this is accepted, then it follows that to give tax rate reductions to mobile home parks or bare land strata developments would amount to giving their occupants a double benefit not available to other taxpayers.

User fees for school costs was a less frequent proposal, in view of the long tradition of free public schooling. Nevertheless, the panel heard a number of submissions from seniors and others who make no use of the school system, to the effect that they should not have to pay for schools through their property taxes.

3.2.5 Tax on rental value, rather than capital value

Submissions on behalf of commercial tenants in Vancouver argued that the ability to pay of a business is related to the business income and the rent being paid for the location, rather than the capital value of the building. Since the benefit of land value appreciation goes only to the landlord, arguments were made that commercial taxes should be based on actual or imputed rents, rather than on actual value.

Comment:

There is reason to doubt that a tax concession of this nature would offer commercial tenants more than temporary relief from fast rising values. The market in such locations is signalling a need for more intense property uses, and rental values are likely to follow value increases with only a small delay. Governments have generally been ineffective in stopping or even slowing such changes.

3.3 Cost:

- If a poll or head tax were used, and set at a level to recover the amount raised by local taxes, there would be no reduction in the overall tax burden. However, there would be major tax shifts. While these tax shifts would vary depending on the specific design of the head tax, those who now pay higher than average property taxes would in general pay less, at the expense of owners of the least valuable properties, and renters.
- In general, parcel, frontage and size taxes result in tax shifts from higher-valued properties to lower-valued properties. Head taxes and user fees achieve a similar shift while also increasing direct charges on most renters. There would be no change to the overall tax burden.

4. EXEMPTIONS, DEFERRALS, AND OTHER RELIEF MEASURES

4.1 Issue:

The panel received a number of submissions (over 30) about the prevailing methods of property tax relief. In British Columbia, as in other jurisdictions, certain types of property (defined by use) are exempt from some or all property taxes.

The principal exemption is **property of the Crown,** or of Crown corporations. Although such properties are exempt from tax, grants-in-lieu of taxes are commonly given to local governments by both the federal and provincial governments. There are, however, some significant exceptions. Some properties of B.C. Hydro, B.C. Rail, and B.C. Ferries, for example, are not the subject of taxes or grants-in-lieu.

Exemptions from property tax are available for **churches, educational institutions, and certain kinds of charitable and quasi-charitable organizations.** These exemptions are granted to encourage activities of general benefit to the community, to organizations whose funds are, generally, limited.

Property in the business and industrial classes benefits from an exemption of up to $10,000 of the improvement value, which typically relieves an owner of about $300 of the tax per improved parcel.

A less obvious exemption is for property which does not fall within the basic definitions of land or improvements that are subject to property tax. It is treated as personal property, and not taxed. In 1984 a lengthy study (Taxation and Economic Development) showed that commercial properties were at a competitive disadvantage in British Columbia under the then prevailing property tax structure. Other jurisdictions had ceased to tax **machinery and equipment,** and its continued application in British Columbia was seen to discourage investment in new plants. As a result, the definitions of "improvements" were changed in the *Assessment Act* to remove machinery and equipment from school property tax.

Tax relief is also offered to some British Columbians in the form of a right to **defer** residential tax. This right is extended to senior citizens (60 years or over), widows and certain handicapped people. Tax deferred becomes a charge against the property, bearing a simple interest rate which is currently 9¾ per cent. The intent of this provision is to allow people on reduced incomes to stay in their homes, while maintaining the principle that all properties bear their fair share of taxes.

Participation in the tax deferment program is quite low. Many seniors, even those who are in need of assistance, are unwilling to do anything to encumber their property, which they hope to pass on to their heirs free of debt. In places where property values are increasing rapidly, such as in Greater Vancouver, deferral seems to make a great deal of sense, since the increases in value far outstrip any accumulation of deferred taxes. In other communities where property values are flat or declining, the deferral option is less advantageous. Deferred taxes in such communities could amount to a significant portion of the equity in the home after a number of years.

Home Owner Grants are a familiar form of tax relief, given to all resident homeowners on application. It is a grant from the province for owner occupied principal residences which reduces the total property tax, although it is usually described as a grant to reduce school taxes. The amount of the grant for most people is $430 (1989). This amount is reduced if it would lower net property tax below the minimum tax of $350. For citizens age 65 or over, the grant in 1989 is $700, subject to a minimum tax of $100.

4.2 Proposals:

4.2.1 Expand scope of government grants-in-lieu

Municipal governments in areas where there are substantial Crown properties have asked for further taxes or grants. Those submissions were again made to the Forum.

4.2.2 Expand or reduce other exempt categories

Submissions on this subject varied, with some people asking for exemptions for churches or charities to be eliminated, and others asking for further additions to the list of exempt institutions.

4.2.3 Reinstate taxation of machinery and equipment

A number of submissions argued that non-residential (business or industrial) properties were not contributing their fair share to the cost of local government. Most of these submissions were directed at the school tax. Many stated, particularly those in or close to the school system, that residential taxpayers are paying too much by comparison with commercial taxpayers. A common observation was that the amount of non-residential taxation for schools has decreased over the past few years, since the province took over school taxation on non-residential property, and since the exemption of "machinery and equipment" from taxation, a process that was completed in 1987. There were, therefore, calls for reinstatement of machinery and equipment to the property tax rolls for schools.

4.2.4 Deferral of property tax

Submissions were made that deferral should be offered on a wider basis, to people in need regardless of age. An income test was suggested by some as the basis of a deferral right. Some taxpayers from areas where values are increasing suggested that the portion of property tax resulting from value increases above the average ought to be deferrable.

4.2.5 Home Owner Grants

Home Owner Grants received a lot of comment before the panel, most frequently in connection with ideas for reducing residential school taxes, which are discussed later. Some submissions (approximately 20) proposed eliminating the Home Owner Grant; others proposed increasing it. The arguments cannot be separated from the comments about school tax. Those who would have residential school taxes eliminated or reduced often conceded that such a move would also require elimination or reduction of the Home Owner Grant.

Reduction of the Home Owner Grant is urged by people who see it as unfair because, as a flat grant, it contravenes the principle that taxes should be proportional to value. Owners of more valuable homes, who feel their taxes are too high, are concerned that the Home Owner Grant gives them relatively little relief.

Supporters of the Home Owner Grant, by contrast, have pointed out that the grant makes the property tax system fairer, by giving proportionately larger relief to owners of less valuable homes.

Out-of-province owners, and owners of recreational property, sometimes objected to the unavailability of the Home Owner Grant for their properties.

Comment:

As mentioned above, the grant is, in fact, applied in reduction of all property tax, not just school tax. This ensures that all taxpayers get the full grant (subject to the minimum tax), even though their school tax alone might be less than the grant. That portion of the grant which is in excess of school taxes is referred to by some as the "spillover" and is used to reduce municipal taxes. Across the province the "spillover" amounts to about $18 million (1989), or six per cent of the total Home Owner Grant budget.

Arguments are made on behalf of school interests that this spillover should be recycled into the school system. This recommendation was also made in the Sullivan Royal Commission on Education *report. Municipal representatives tended to see such a suggestion as detrimental to their taxpayers' interests as the result would be a corresponding increase in net municipal taxes.*

The existence of the grant also ensures owner-occupiers pay less tax than investors on houses of equal value. This tends to offset the deductibility of property tax for income tax purposes, which is available to the investor.

4.2.6 Rationalize exemptions for different taxes

Several municipal submissions suggested that the different tax rolls for municipal, hospital and school purposes should be combined into one roll. This is another way of requesting that the legislation be simplified by providing the same exemptions for each of the different taxes.

4.2.7 Eliminate or reduce the commercial improvements exemption

Some proposals were received suggesting that the $10,000 business improvements exemption under s. 398.1 of the *Municipal Act* be eliminated or reduced, or replaced with a grant system where commercial subsidies are most needed.

4.3 Cost:

The cost of any plan to increase exemptions is simply the value of the property exempted multiplied by applicable tax rates.

Conversely, the benefit to taxing authorities of reducing exemptions is calculated the same way. For example, the value of machinery and equipment in 1984 was about $12 billion over the province, and it generated about $175 million of taxes.

An increase in the availability and use of the tax deferral program causes an increase in the government's interest costs because the program's interest rate is below market rates. The cost of a program expansion would be low.

The Home Owner Grant currently costs approximately $343 million annually. Indexation of the grant to a cost of living measure would cost about $16 million more in the first year.

5. EFFICIENCY AND ACCOUNTABILITY ISSUES

5.1 Issue:

Many speakers complained that the real issue was not how taxes are raised, but the size of those taxes (approximately 30 submissions), and that excessive taxation is properly cured by restraining expenditures.

Comments were directed at all levels of government, although since property taxes are primarily a local funding issue, most of the criticism was directed at school boards and municipalities. These bodies were said to have too much discretion to embark on new or increased expenditures at the expense of property taxpayers, and to be insufficiently accountable to the taxpayers for their decisions.

Some speakers on school issues claimed that trustees are insufficiently trained to understand their budgeting responsibilities, and are too easily persuaded to accept the recommendations of their staff without adequate examination. Numerous speakers argued that school trustees are at a disadvantage in collective bargaining negotiations under the present system, and urged the provincial government to centralize the process of bargaining with teachers and school support staff.

Comment:

Accountability is a principal argument in favour of local taxation. When the cost of government is removed from those who benefit from government, there is less reason to exercise restraint. Yet property taxpayers pointed out that they often represent a minority of voters, and therefore do not exercise the necessary level of control at the voting booth.

5.2 Proposals:

5.2.1 Improve accountability through poll taxes

Many people suggested that **poll taxes,** payable by all adult residents, or at least all income-earning residents, would improve accountability. At present, only property owners receive residential property tax bills. Renters, although they pay taxes indirectly through their rents, are not as conscious of the amounts involved, and are therefore less likely to relate the tax cost included in their rent to the expenditures of local government. Business owners and tenants are very conscious of their taxes, but complain that they do not have sufficient voting power to match their liability.

5.2.2 Improve accountability through referenda

Another common suggestion was that **referenda** be required for major decisions which would have an impact on taxes. This suggestion was most often directed at school boards, particularly in connection with their power to levy supplementary taxes.

5.2.3 Greater provincial controls over local budgets

On the issue of government efficiency, or, conversely, wastefulness, many speakers urged that there be improved controls placed by the provincial government on the budgeting process of school

districts and other local governments. There were calls for better auditing, for the use of inspectors or ombudsmen with duties to the taxpayers.

5.2.4 Remove some powers from local authorities

There were calls for reorganization to place decision making at a different level. Proposals in this area included moving the general government of schools either to regional districts or to the provincial government, and to give the duty of daily operation of schools, including staffing and other operational decisions, to the individual schools themselves.

5.2.5 Provincial appointments to local authorities

Some speakers, on questioning from the panel, urged that the province consider making its own appointments to school boards in reflection of the proportion of their budgets which come from provincial revenues.

5.3 Cost:

There is no direct cost to the province associated with any of these ideas.

6. SCHOOL TAXATION

6.1 Issue:

The most common message received by the Forum panel was that people are dissatisfied with the level of school property taxation, particularly that on residential property. This message came both from taxpayers and also from school trustees, who recognize the level of taxation that results from their budgetary decisions. More than 175 submissions were received on this topic.

Taxpayers argued that school districts were not sufficiently disposed or equipped to resist demands for increased school expenditures which result in higher taxation, and that their power to tax should be restrained or eliminated.

School board representatives, teachers and some parents appeared frequently before the panel to explain their concerns, and to make the following points:

- The province effectively controls the level of residential taxation, through its system of grants to school districts. The difference between what is granted to each district and the total budget of the district must be raised from the residential taxpayer.
- The first step in this process is the estimate made by the province of the core program cost in each district. This is the amount that the provincial Ministry of Education calculates as being necessary to support the basic educational program, and in which the province is willing to share the funding. The province, it was claimed, has underestimated the true cost of this core, thus forcing school boards to raise excessive amounts through local taxes.
- The principal reason for the underestimate of core cost is the difference between the salary estimates used by the Ministry of Education in budgeting, and the considerably higher average salaries actually negotiated in the most recent collective bargaining with teachers.
- The second step in the grants process is the decision on distribution of grants among all school districts. This is done through a formula which takes into account the average assessed values per student in each district. On average the province contributes 75 per cent of the cost of the core program; but, if assessed values are high in a district, then the grant to the district is proportionately lower, and more must be raised through local taxation. Greater Vancouver regional and school representatives argued that this formula operates to the detriment of their residents.

  For example, the relatively high property values in West Vancouver result in that school district receiving the minimum grant of 57 per cent of its core budget, whereas the very low valued Nisga'a school district receives a grant of 95 per cent of its core budget.

6.2 Proposals:

6.2.1 Improve estimation of core costs

Many speakers argued that a major reason for high residential school taxation was the province's tendency to underestimate the true cost of core education, which results in school districts levying excessive supplementary taxes.

6.2.2 Retain local taxation for accountability

Some speakers stated that school boards should retain some duty to raise money through local taxation, since this makes them accountable to the local population for their decisions. It also allows local input into the educational programs in a school district. It was argued that the province should estimate the core cost more accurately, and change the distribution of grants among districts.

6.2.3 Province to cover greater share of core costs

After the core costs have been properly estimated, it was proposed that the province should increase its grants to cover a larger share of the core (or all of the core), thus reducing the level of residential school taxation. If the province were to cover all of the core program, then local school taxation would be solely for locally determined programs. The school district could be more clearly held accountable to the taxpayer for those decisions.

6.2.4 Introduce block funding

The current method of determining the size of provincial funding should be replaced by a "block funding" system, in which the amount of funding for districts each year is tied to the rate of growth of provincial revenues, to a cost of living index, or to some other broad economic indicator.

6.2.5 Recycle Home Owner Grant spillover to school system

The Home Owner Grant should be used entirely for school funding; any excess over an individual's school tax should be recycled into the school system rather than used to reduce municipal taxes.

6.2.6 Eliminate local taxation by school boards

While most participants tended to agree with the statement that the province should take over the full cost of core education, some asked the province to take over all educational funding on the grounds that education is a provincial, rather than a local responsibility.

Comment:

Most taxpayers taking this position did not seem greatly concerned that such a move would result in a loss of local accountability. An across-Canada comparison of the use of locally determined school taxes is provided in Appendix 1.

6.2.7 Eliminate Home Owner Grant

Few speakers at the Forum had a clear idea of where the province should raise the additional funds, if it were to take over the burden of residential school taxation, either partially or completely. The amount of money required is large. Speakers tended to agree that the Home Owner Grant could be eliminated to help fund such a change.

Comment:

It should be pointed out that there would be a significant redistribution effect, if the Home Owner Grant were eliminated to fund a reduction in school tax, even if the two

amounts were the same. Proportionately, greater benefits would go to higher valued homes, while low valued homes, which presently receive grants greater than their school tax, could expect an increase in tax.

6.2.8 Increase other provincial taxes

Increasing personal and corporate income taxes to compensate for the reduction in residential school taxes was the method favoured by the majority who addressed this issue. Some favoured an increased sales tax, but this was not generally popular.

6.2.9 Introduce user fees for some school programs

Occasional submissions were made for increased user fees for optional programs, to help reduce school taxation. It was argued that the schools tend to do too many things free of charge to users.

6.3 Cost:

Proposals for changes to school property taxation ranged from minor adjustments to complete elimination. The costs of some of the more frequent suggestions are estimated below for purposes of discussion.

- Complete elimination of residential school taxation and the basic Home Owner Grant, but leaving in place the supplementary Home Owner Grant for seniors ($270), would cost $738 million in 1990. This cost, however, includes a one-time adjustment cost of $238 million arising from the difference between the calendar tax year and the provincial fiscal year. Subsequently the cost would be about $500 million per year plus $18 million for every one per cent increase in school district budgets.

  If this revenue loss were replaced simply by an increase in personal income tax, the British Columbia income tax rate would have to be increased by 7.5 percentage points to 59 per cent of basic federal tax. This would cost an average person with a $40,000 income an additional $430 annually.

- Removal of local residential taxation for the core education program, along with elimination of the basic Home Owner Grant, but leaving in place the supplementary Home Owner Grant for seniors, would cost $388 million in 1990, including the one-time implementation cost of $157 million. Subsequently, the annual cost would be $231 million plus $15 million for each one per cent increase in school district budgets.

  This estimate assumes the core budget as presently defined: the "shareable" budget calculated by the Ministry of Education. The cost would be higher if more of the full cost of education were included in the core.

  Again, if the ongoing cost were borne entirely by an increase in personal income tax, the British Columbia personal income tax rate would be raised by 3.5 points to 55 per cent of basic federal tax, which would cost the average taxpayer with a $40,000 income about $200 per year.

- Replacement of residential property taxation for school purposes with a uniform flat levy and tax rate, applied in all school districts, would have a wide range of costs, depending on the numbers selected.

  For example, a flat tax of $100 per property across the province plus a tax rate (mill rate) of $1.5 per $1,000 of assessed value would produce revenue of $273 million from all school districts. If the existing Home Owner Grant structure remained, there would be a small savings ($35 million) in those grants. This arrangement, yielding $308 million, would replace the current tax structure, which is estimated to provide approximately $1,030 million of residential school taxes over a 15-month period (January 1990 to March 1991). The additional cost of such a change would, therefore, be about $722 million in 1990. In the second year the cost would be $484 million plus the cost of any increases in school board budgets.

  A high flat tax component tends to shift the burden from high-valued properties to low-valued properties.

7. MUNICIPAL VIEWS

7.1 Issue:

Municipal representatives made a wide variety of points during the meetings, most of which were considered in the *Financing Local Government* study issued by the Union of British Columbia Municipalities and the Ministry of Municipal Affairs, Recreation and Culture. Most of the points made have been covered elsewhere in this report.

7.2 Proposals:

Among the ideas raised by municipal politicians or administrators were:

- averaging assessments over a period of years would enhance stability of taxes for individual owners;
- expanding scope of service charges;
- minimum or flat taxes should be a local option permitted by the province;
- adjusting (indexing) Home Owner Grants annually;
- keeping the Home Owner Grant spillover;
- changing the Revenue Sharing Program, principally to increase the unconditional grant portion and to ensure the growth in program revenues matches growth in provincial revenues;
- increasing accountability by simplifying the tax notice and identifying more clearly the other taxing authorities (e.g., schools and hospitals) for whom municipalities collect taxes;
- issuing a separate tax notice for schools;
- requiring all federal and provincial Crown property to pay grants-in-lieu of taxes;
- recognizing (and possibly compensating) the cost to municipalities of legislative changes;
- providing alternative funding methods for schools and hospitals;
- discontinuing the Provincial-Municipal Partnership Program beyond 1990;
- authorizing municipalities to tax "fringe areas", outside municipalities, that use municipal services; and
- providing municipalities with access to income and other taxes.

8. OTHER ISSUES

8.1 Issue:

In addition to the issues discussed above, submissions were received on various taxation and local government topics. The following list briefly summarizes these proposals, some of which will require careful study to determine their advantages and disadvantages.

8.2 Proposals:

- Remove the ability of local councils to set variable tax rates on different classes of property.
- Property taxes should not be allowed to exceed a fixed percentage of property value.
- Property taxes should be increased on large industries.
- The property tax notice should be simplified.
- There should be a minimum flat tax for school purposes as well as for municipal purposes.
- Special rules should be adopted to cap municipal tax increases for tenants.
- Residential property taxes should be deductible, up to 50 per cent, from income taxes, to a limit of $1,000.
- Properties in remote areas of the province should pay a lower rural tax rate.
- Low income taxpayers should pay lower property taxes.

- Non-Indian residents of a residential development on designated Indian land complained that their community could not obtain assistance for a capital works project under existing federal or provincial programs.
- The Village of Burns Lake pointed out that it provides services to a reserve community within its boundaries without the ability to assess property taxes on the reserve, without federal compensation and without recognition of its 25 per cent Indian population, in per capita related provincial transfer payments.
- Recreational properties should be relieved of the full burden of taxation on the grounds that they often receive little or no service, and they do not burden the local school system.

RECOMMENDATIONS OF THE PANEL

Recommendations of Honourable Mel Couvelier and Honourable Rita Johnston are not contained in this report, for the reasons outlined in the foreword.

COMMENTS AND RECOMMENDATIONS
OF
MAYOR MARILYN BAKER

Comments and Recommendations of Mayor Marilyn Baker

In September 1988, a joint commitment was made by the Ministry of Municipal Affairs, Recreation and Culture and the Union of British Columbia Municipalities (UBCM) to undertake a study on local government finance. The objective of the *Financing Local Government Study* (FLG) was to explore ways of improving the intergovernmental finance system — particularly as it affects local governments. A steering committee was established to oversee all aspects of the Study's work program and they divided the identified issues into four broad categories:

1. provincial contributions;
2. assessment;
3. property tax burden; and
4. intergovernmental finance relations.

Four corresponding working groups were appointed to examine the issues and make recommendations. The working group process began in late February 1989. All assignments were completed by the end of June and in early July, the working groups met to review the recommendations. At the same time, the Honourable Mel Couvelier and the Honourable Rita Johnston announced the Property Tax Review Forum and invited UBCM participation. This action allowed UBCM to evaluate the detailed work done by local and provincial officials, with the resulting recommendations, and to determine how closely they paralleled public comments.

The recommendations of the FLG Study are appended as adopted by the UBCM membership in September 1989. It should come as no surprise that the major concerns as addressed by citizens at the public forums were identified in the Study recommendations.

It is agreed by both local government and our citizens that the property assessment and taxation system has succumbed to an illness and needs some treatment. Here, in capsule form are our findings from the Property Tax Forums:

1. Symptoms — what were the main taxpayer concerns

Common themes that we heard the taxpayer express were that:

- taxpayers see stability as a basic objective of the property tax system and they feel that objective isn't being met.
- property taxes are increasing too quickly — the increases are particularly unacceptable when simply being driven by rising assessments.
- taxpayers see the bottom line tax increase but can't easily tell who is responsible.
- more and more taxpayers are questioning why property taxes are based on market value assessment. They feel this poorly reflects their ability to pay or benefits received; especially so for school taxes.

2. Diagnosis — what are the causes of taxpayer concerns

There are a number of principal reasons for the problems that were outlined to us:

- the objectives (stability, predictability, etc.) are not always reflected in the design of the systems.
- there are no mechanisms to deal with tax shifts within a class.
- there is too heavy a reliance on assessment based property value tax for distributing tax burden. Ability to pay or benefits received are both often poorly reflected in property value tax.
- the school funding formula lacks clarity; particularly with respect to understanding of the provincial-local sharing formula and of the impact of provincial and local funding or budgetary decisions on residential taxes.
- property value tax is not the best way to finance schools.

Comments and Recommendations of Mayor Marilyn Baker

3. Prescription — what we should do about the situation

The property tax and assessment system must be reformed beginning in 1990.

First, there must be change and change based on the:

- need for short-term actions that will be effective for the 1990 taxation year. This is the only way to avoid more problems that are already apparent.
- need for long-term reform.

Second, the main changes must include enabling legislation.

4. Cure — specific recommendations for action are needed to restore good health to the property assessment and tax system

The following should be part of the recommended legislative amendments:

To provide greater stability (within a class of property):

1. **return to the annual assessment roll (FLG 19).**
2. **introduce three-year averaging of assessment (FLG 20b).**

To allow for more flexibility in distribution of taxes (to address questions such as benefits received, etc.):

3. **provide a flat tax option for municipal use (FLG 68).**
4. **review and rationalization of rural tax rates.**
5. **consider provisions for a separate tax rate between land and improvements.**
6. **review assessment classifications, particularly residential to determine consistency in assessment methods and equity in taxation for services received.**

To lessen the reliance on property value tax (when market value assessment is not the property tax base for the purposes):

7. **100 per cent of the core school funding should be paid for by the province (FLG 38a) with:**
   - **(a) Home Owner Grant to be maintained for seniors and handicapped.**
   - **(b) Some access to the property tax available to local school board for locally developed programs.**
   - **(c) Maintain locally elected representation on school boards.**
   - **(d) Variable tax rate option to be available to school districts for balancing tax load over several communities (e.g. S.D. #48 and S.D. #59).**

To improve accountability, understanding and access to the property tax and assessment systems:

8. **provide clearer, more understandable tax notices.**
9. **improve the Courts of Revision and Assessment Appeal Board procedures.**
10. **legislative action to be taken for the 1990 taxation year to immediately address the items.**

APPENDIX A

FINANCING LOCAL GOVERNMENT RECOMMENDATIONS[1]

WORKING GROUP A

B. THE ORIGINAL PURPOSES OF REVENUE-SHARING ARE ENDORSED

1. *The original purposes be endorsed as the appropriate basis for revenue-sharing.*
2. *The Revenue-Sharing Fund be maintained as the administrative mechanism for revenue-sharing.*

D. THE REVENUE-SHARING FORMULA SHOULD BE CHANGED

3. *The revenue-sharing formula be changed to ensure substantially better tracking of provincial revenue growth. The government and the UBCM should work together to design a new revenue-sharing formula.*
4. *The revenue-sharing formula be tied to revenue sources that mirror the performance of the economy. Those revenue sources not directly linked to economic performance (e.g., medical premiums and liquor revenue) should continue to be excluded.*
5. *The weighting of revenue sources within the formula should reflect the composition of provincial revenues.*
6. *Any new formula should be reviewed regularly (at least every five years) to ensure that it is achieving its objective.*

E. THE NEW SEWERAGE ASSISTANCE PROGRAM SHOULD BE REMOVED FROM REVENUE-SHARING

7. *The new Sewerage Assistance Program be removed from revenue-sharing because:*
   - *— the program was included without realization of the eventual cost of the program and without adequate compensation;*
   - *— the program is driven by environmental standards that are controlled by provincial and federal authorities;*
   - *— growth in the program is likely to outstrip the capacity of revenue-sharing to absorb and, therefore, will continue to erode the unconditional program;*
8. *When new programs are added to revenue-sharing, sufficient additional revenue be added to the revenue-sharing formula. Similarly, where programs are dropped, the formula should be adjusted.*
9. *The Minister of Municipal Affairs, Recreation and Culture and the Minister of Finance and Corporate Relations be urged to consult with the UBCM before any new programs are included under the revenue-sharing umbrella.*

F. GROWTH IN THE UNCONDITIONAL PROGRAM MUST BE ASSURED

10. *At least 50% of annual revenue-sharing funds be allocated to revenue supplements, of which the vast majority will be devoted to the unconditional program. Over time, as the old water and sewer programs wind down, the proportion of revenue-sharing funds devoted to the unconditional program should increase. Eventually, it is expected that the level of unconditional grants should be in the order of 75% of the total funds allocated.*
11. *The Minister of Municipal Affairs, Recreation and Culture be encouraged to consult with the UBCM on the allocation of revenue-sharing programs to different programs.*

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[1] Reprinted from the *Financing Local Government Study.*

G. THE STABILIZATION ACCOUNT SHOULD BE RETAINED

12. *The Stabilization Account be retained as a "rainy-day account. However, the obligation of local government to make its own provision for uncertain revenue through use of reserves still remains.*
13. *Interest on the money in the Stabilization Account should be credited to revenue-sharing.*
14. *The Stabilization Account be capped at 10% of the annual revenue-sharing transfer (i.e., $30 million in the Account today is about right).*
15. *The Account should be drawn down where the funds allocated to the unconditional program would otherwise fall below those allocated in the previous year.*
16. *The Minister of Municipal Affairs, Recreation and Culture should consult with the UBCM before adding to the Account.*

H. ALLOCATION FORMULAE

17. *The allocation formulae should remain substantially unchanged with the majority of unconditional transfers allocated on a per capita basis.*
18. *Some recognition should be given to differences in municipal costs and revenue-raising ability in allocating revenue supplements. However, work should continue to develop more acceptable indexes of relative cost and ability to pay.*

WORKING GROUP B

B. BIENNIAL ASSESSMENT CYCLE

19. *Re-establishment of the annual roll. The cost of producing the annual roll is offset by increased accuracy and gradual assessment changes every year, rather than larger assessment changes every two years.*

C. Capping, Averaging or Phasing-in of Assessments

20. ***Three-year averaging mechanism***

The tax base would be a three-year moving average of property assessments. The three-year averaging mechanism would allow large changes in assessment to be introduced gradually.

The averaging mechanism could be introduced at the discretion of individual municipalities.

An averaging mechanism would be relatively easy to understand by taxpayers and would be seen as fairer than a cap or some other phasing-in mechanism.

D. STABILITY OF THE ASSESSMENT ROLL AND THE IMPACT OF ASSESSMENT APPEAL BOARD DECISIONS

21. *The concept of a **guaranteed assessment roll** be introduced. The B.C. Assessment Authority would guarantee the authenticated assessment roll as follows:*
    - *— an insurance fund would be established by the Assessment Authority through a small levy on all property in the province. The levy might be greater for certain classes of property where appeals are more prevalent;*
    - *— any municipality would qualify for payment out of the fund if assessed values of property declined by more than X% of their tax revenue as a result of an Assessment Appeal Board or Superior Court decision (i.e., a reasonable deductible);*
    - *— payments from the fund would guarantee any authenticated roll issued prior to a Board or Court decision but would not guarantee future rolls;*
    - *— a joint committee of the UBCM, the Ministry of Municipal Affairs, Recreation and Culture, and the B.C. Assessment Authority should develop operational criteria.*

22. *The definition of improvements be changed to avoid the difficulties and uncertainties in the present legislation. This could be accomplished by:*
    - *re-writing the definition of "improvements" to include all man-made items "placed" on the land, no matter how affixed, that are not normally moved in use, except such as are specifically exempted; exempt production machinery and other items by regulation;*
    - *for industrial properties, defining "improvements" by reference to the valuation manual. If it is in the manual, it is assessable, no matter what the general definition of improvements might imply.*

E. ASSESSMENT APPEAL PROCEDURES

23. *The assessment appeal procedures be streamlined to permit more effective and efficient use of the court's time. Appendix B contains many detailed and technical proposals concerning the streamlining of procedures for the Court of Revision, the Assessment Appeal Board, and the Superior Courts.*

F. ASSESSMENT AND TAXATION EXEMPTIONS

24. *The assessment base be kept as clean and extensive as possible. Assessment exemptions should be kept to a minimum.*
25. *Where the provincial government wishes to give preferential tax treatment to selected groups it should do so through direct grant programs, (e.g., the small business exemption and tourist accommodation exemption should be converted to grants).*
26. *The wording of all taxation exemptions should be reviewed to ensure consistency of application. Consideration should be given to including all exemptions in one tax exemption statute.*
27. *All properties should pay fees, charges, frontage taxes and parcel taxes associated with the provision of a specific service unless specifically exempted by local government.*
28. *The Assessment Authority continue to assess all properties regardless of their taxation status.*

G. CONSOLIDATION AND RATIONALIZATION OF ASSESSMENT CLASSES

1. Simplification of Assessment Classes:

29. *Approve in principle reducing the scope of Class 2 (utilities) to match it to the "continuous structures" description and to those properties that are not assessed at market value — subject to a review of the financial impact by municipalities. The objective of this recommendation is to eliminate the inequalities caused by similar properties benefiting from different valuation techniques — yet having the same tax rate applied, (e.g., B.C. Telephone vs. a non-utility enterprise).*
30. *Review of the components of Class 8 (Recreational/Non-profit) with a view to moving them into either Class 6 (Business and Other) or Class 1 (Residential). A large portion of this class is exempted through permissive exemptions. The elimination of this class would simplify the current system, while leaving most properties exempt from taxation.*
31. *Grandfather the "long-term residents" provision and replace with a tax deferment option.*
32. *Undertake a comprehensive evaluation of the effectiveness of the two forest land classes.*
33. *Municipalities should be informed of any changes in classification well in advance of the commencement date.*

2. Further discussion is required on some issues:

34. *The merger of Class 5 (Light Industry) with Class 6 (Business or other) be considered — subject to a review of the financial impact by municipalities. The classes are assessed in a similar way and generally attract similar tax rates.*

35. *The splitting of residential properties into more than one class be considered. Working Group B discussed the issue of creating a separate class for some residential properties (e.g., apartments), but concluded that, in the interests of simplicity and equity, all residential units should remain in one class.*

H. DATE OF THE ASSESSMENT ROLL

36. *The Assessment Authority, the Ministry of Education and a representative sample of municipal treasurers and school board secretary treasurers from across the province should meet to establish the most appropriate timetable.*

WORKING GROUP C

A. SCHOOL PROPERTY TAXATION

37. *The present system of school funding be changed to ensure:*
    - *clearer accountability for taxing and spending decisions.*
    - *more equity in residential taxation.*
38. ***Re-structuring** of financial responsibility (i.e., 100% provincial funding of the core program):*

B. THE HOMEOWNER GRANT

39. *Two approaches are recommended to help clarify and simplify the present situation:*
    (a) — *If the homeowner grant is to be targeted for school purposes it should be eliminated as a direct grant to homeowners and folded into the provincial grant to school boards (the additional grant for seniors and others would be retained).*
    (b) — *If the homeowner grant is to be retained: it should be viewed and shown as an offset to all property taxes; and it should be adjusted annually to keep pace with inflation.*

C. TAX NOTICES

40. *For the purpose of efficiency and cost minimization, retain a single tax notice. However, make it clear that it is a collective notice not simply the responsibility of the municipality, (e.g., remove the municipal letterhead).*
41. *If the homeowner grant is to be retained, the requirement that the homeowner grant be applied to school taxes first be ended. It should be shown as an offset to gross taxes.*
42. *Local governments be able to design their own tax forms. However, they should be encouraged to work together to design a common form.*
43. *Municipalities be encouraged to include an "information circular" with tax notices explaining changes in taxes and the jurisdiction responsible for those changes.*
44. *If the revenue-sharing contribution of the provincial government is to be recognized, the current wording should be replaced with a statement such as: "The provincial government is contributing $X in 1989 to help the municipality provide local services".*

D. PROVINCIAL-MUNICIPAL PARTNERSHIP PROGRAM

45. *The continuation of provincial initiatives to promote B.C. as a receptive location for investment (e.g., via the new Trade Corporation, trade missions, etc.).*
46. *A framework for provincially negotiated incentive programs be established.*
47. *The provincial government continue to work cooperatively with local government to promote sound economic development initiatives (e.g., shared funding of economic development officers, promotional materials, etc.).*
48. *The across the board taxation and incentive measures that are scheduled to end December 31, 1990 not be re-newed.*

E. GRANTS-IN-LIEU OF TAXATION

49. *In principle, all Crown Corporations should be taxable in the same way as private sector corporations and government property, unless specifically exempted. Provincial property should be taxable for several reasons:*
    - *— local services are provided to those properties in the same way as other property owners and residents;*
    - *— land is developed that may otherwise be used for other purposes;*
    - *— public services account for a large proportion of total economic activity in some municipalities;*
    - *— property taxes are one of the costs of doing business.*
50. *Provincial properties should be taxable rather than pay grants-in-lieu of taxes (or grants "equivalent" to taxes) for a number of reasons:*
    - *— it establishes clearly the principle of tax treatment similar to private companies;*
    - *— it is administratively simple for taxpayers, municipal authorities and the Assessment Authority;*
    - *— the due date for payment would be the same as other taxpayers — not later in the year as it is today.*
51. *The provincial government should move towards local taxation of all provincial property and begin by ensuring all commercial-like Crown Corporations are taxable.*
52. *The federal government use the assessments as determined by the B.C. Assessment Authority for determining their grants-in-lieu of taxation.*

F. PERMISSIVE AND STATUTORY TAX EXEMPTIONS

53. *Consistency between taxing statutes be ensured — preferably by creating one tax exemption statute covering municipal, school and rural area taxation.*
54. *The pollution control exemption be replaced with direct provincial assistance (reasons: ensure more carefully targeted assistance; environmental control is a provincial not a municipal responsibility; would clarify accountability and remove the revenue loss from the local level).*
55. *The list of statutory and permissive exemptions be reviewed to see if some should be excluded or if some of the statutory exemptions should be permissive.*
56. *The consolidation of the assessment roll — so that there is only one roll for municipal, school and hospital purposes.*

WORKING GROUP D

A. PROVINCIAL-LOCAL PROTOCOL AGREEMENT ON INTERGOVERNMENTAL FINANCE RELATIONS

60. *The development of a Provincial-Local Protocol Agreement on Intergovernmental Finance relations outlining a joint approach to fiscal affairs.*

B. ROUTINE CONSULTATION

61. *Annual pre-budget meeting of Ministers and UBCM executives to address financial issues. The UBCM executive continue to rank issues following the annual convention.*
62. *Semi-annual meetings of officials drawn from the UBCM, the Ministry of Municipal Affairs, Recreation and Culture, the Ministry of Finance and Corporate Relations, local government, the B.C. Assessment Authority, etc., to anticipate, monitor and discuss issues of concern.*

C. ROUTINE EXCHANGE OF INFORMATION

63. Information on entitlements, grant calculations, etc., be made more accessible.

64. The Ministry's statistical reporting include analysis as well as data. The Ministry and the Municipalities should work together to make the information more timely.

D. INTER-MINISTRY COORDINATION

65. The Government continue to identify expected local governmental impact on all cabinet submissions.

66. Line ministries be required to consult with the Ministry of Municipal Affairs, Recreation and Culture prior to presentation of any issues that have a significant financial impact on local government.

E. COMMUNICATIONS PROTOCOL

67. A provincial/local government communications procedure be developed. The draft proposal is as follows:

- *The Ministry of Municipal Affairs, Recreation and Culture (MARC) should be the primary but not the only point of contact with the provincial government. Other ministries should be able to deal directly with the UBCM and local governments. MARC should be kept informed;*
- *The UBCM be the primary but not the only point of contact for all financial issues affecting local government. Individual municipalities should be consulted also.*

A. UNSPECIFIED MINIMUM TAX

68. A flat tax option for general fund purposes be developed.

B. CONSOLIDATION OF WATER, SEWER AND GENERAL FUNDS

69. Municipalities be provided with the option of consolidating their water, sewer and general funds.

C. CALCULATION OF AUTHORIZED BORROWING LIMIT

70. Borrowing limits and procedures be restructured to reflect a municipality's ability to pay and its need to borrow.

D. CONSOLIDATION OF CAPITAL FUNDS

71. In designing infrastructure assistance programs under revenue-sharing, the province should allow for greater flexibility in responding to local infrastructure needs.

E. LONG-TERM REFORM

72. There should be a restructuring of local government finances to allow for greater self-reliance by municipalities. This could involve: limiting access by school boards to property taxes; and providing municipalities with a wider range of revenue instruments.

APPENDIX B

PROPOSALS FOR STREAMLINING THE ASSESSMENT APPEAL STRUCTURE

(a) Court of Revision

- *Remove the requirement that the Court of Revision investigate the roll to ensure equity, i.e., provide that the Court adjudicate on complaints only.*
- *Place the power to authenticate the roll in the hands of the Assessment Commissioner.*
- *Where a property owner complains to the Court of Revision and the Assessor and the owner come to agreement on the issue prior to the hearing, allow the owner to sign a Consent Order and the assessor to process the change directly to the authenticated roll. The Consent Order should be prescribed by regulation.*
- *Disallow third party appeals with the exceptions of persons with a direct financial interest, or municipal council, the Minister of Finance and Corporate Relations, the Commissioner, or the Assessor, as outlined in Section 40 (2) of the* Assessment Act.
- *Amend the Act to provide that assessment appeals respecting properties in Class 2, 4, or 7, shall be taken directly to the Assessment Appeal Board.* ***Note:*** *Consent Orders would still result in changes to the authenticated roll where discussions between owners and the Assessor reveal that corrections are required.*
- *Provide for the following prescribed forms:*
  - *Form for complaint or appeal to the Court of Revision to be provided at the assessor's office; and*
  - *an appeal form providing all the particulars required for a proper appeal to the Assessment Appeal Board to be attached to the Court of Revision decision notice.*

(b) Assessment Appeal Board

- *Provide for two streams of appeal to the Assessment Appeal Board:*
  - *appeals directly to the Board for properties in Classes 2, 4 and 7; and for other classes upon application by either party with approval of the Board;*
  - *appeals from the Court of Revision.*
- *Provide for a standard form of notice to be prescribed by regulation. This could be a more comprehensive document specifying grounds for appeal which the appellant intends to bring before the Board and providing that those grounds may not be extended without the Board's permission.*
- *Require a more formal process for those appeals going directly to the Board or those appeals allowed to bypass the Court of Revision by application. This process should include rules for exchange of briefs and discoveries prior to the actual hearings.*
- *Introduce a reasonable fee structure for all appeals to the Assessment Appeal Board and provide a schedule of costs which may be awarded against any of the parties on the basis of the relative success of the parties and/or where excessive time has been taken up by one of the parties to no great effect.*
- *Provide a rule of evidence that where an Assessor has requested information relating to the value of a property prior to roll closure, an appeal may only be based on the information that was provided to him at that time. Appeals should not be based on new information that could not have been known to the Assessor.*
- *Where the assessor and a property owner have come to agreement or where one of the parties wishes to withdraw their appeal, the Board should not be allowed to interfere with the agreement or with the withdrawal.*

- *The rules of practice and procedure of the Assessment Appeal Board should be prescribed by regulation of the Lieutenant Governor in Council.*
- *Create a standard form or forms of decisions for simple property types like residential or small commercial properties which would allow the Board to issue its decisions more quickly and efficiently.*
- *Provide that the Board shall assess prescribed penalties for unnecessary adjournments or extension of hearing times by either party.*

(c) Superior Courts

- *Change the procedures for filing stated cases in order to overcome the difficulty of getting agreement on the form of stated case, as follows:*
  - *— allow the appellant to prepare the initial draft of stated cases;*
  - *— allow the respondent and the Board to attach their own comments or additional information; and,*
  - *— provide that the Board's comments regarding allegations of the fact would be binding where those comments are supportable by the evidence.*
- *Either remove the time constraints currently contained in the* Assessment Act *with respect to:*
  - *— requesting a stated case;*
  - *— bringing a case for hearing before the Court; and,*
  - *— the requirement to render a decision;*

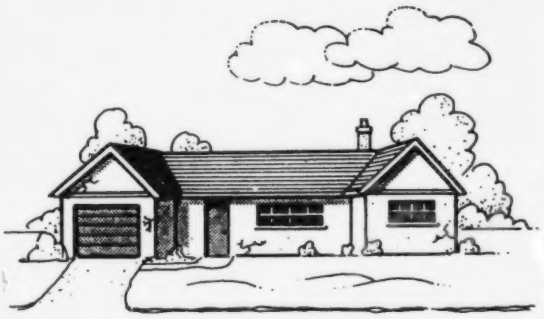
  or alternatively, amend those time limits to reflect more adequately the realities of the court system.

COMMENTS AND RECOMMENDATIONS
OF
MR. CONRAD ADAMS

Comments and Recommendations of Mr. Conrad Adams

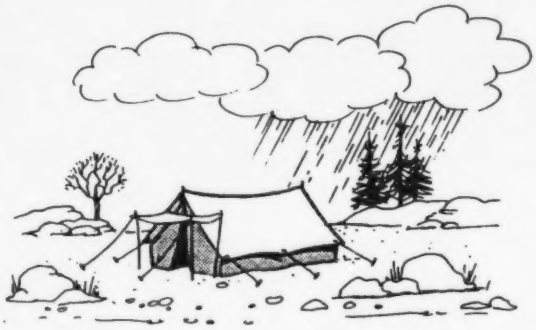
YOUR HOME AS SEEN BY

YOU

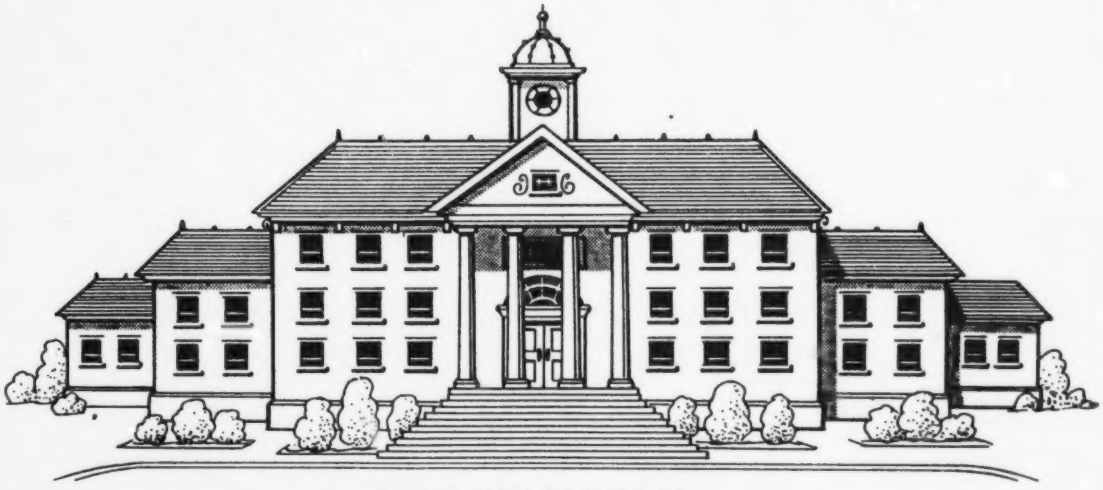


YOUR BUYER

YOUR LENDER



YOUR APPRAISER



YOUR TAX ASSESSOR

SUMMARY OF PRINCIPAL RECOMMENDATIONS

- The power of School Boards to levy taxes of any kind must be rescinded.
- Education should be funded in its entirety by a specifically identified income tax on personal and corporate taxpayers.
- School Boards should be reorganized.
- Municipal services such as library costs, recreational facilities, garbage collection must be paid for on a user fee basis.
- Gasoline tax, ferry charges and road tolls are assessed without recourse to car value assessments, similarly municipal services should be levied without recourse to property values.
- The B.C. Government should undertake at the earliest possible time, a review of the current assessment system which is the cause of the existing unfairness and inequity in property taxation.

INTRODUCTION

In principle and concept the property tax system is fundamentally wrong, is illogical, defies reason and consequently is unfair and inequitable. Regardless of ownership of property, all municipalities offer all their services equally to everyone in a municipality whether residing permanently or temporarily, or merely just passing through. Municipal services are provided for people, NOT PROPERTY. Yet:

1. only a minority of income earners, homeowners, are directly taxed by municipalities: 38 per cent;
2. the majority of income earners contribute NO municipal taxes whatsoever: 40 per cent;
3. renters, through their rent, on average contribute approximately 1/3 of the amount paid by the homeowner;
4. homeowners are taxed on their lifetime investment (their homes), rather than their ability to pay or annual income;
5. only homeowner and renters are required to pay taxes levied by School Boards (without accountability). Other classes of property pay school taxes directly to the provincial government, which are then redistributed in grants to school districts;
6. property taxes take no account of how many income earners live at a given address, therefore a pensioner may pay (according to the assessed value of his home) more or the same, as a family of four income earners next door; and
7. business and industry are taxed on assessed value, totally ignoring their ability to pay, whether or not there has been any profit justifying taxation.

TAXPAYERS COMMENTS AND RECOMMENDATIONS

It is impossible to overemphasize the importance that taxpayers place in the report of the Property Tax Forum and the recommendations arising from it. Taxpayers believe that in arriving at any recommendations to introduce fairness and equity into the property tax system, the following principles must be observed:

1. *Accountability* — a considerably greater requirement of accountability must be applied to school boards and municipalities.
2. *Increases* — no tax increases should be permitted which exceed the increases in the cost of living, or if a greater increase is proposed, it should be subject to a mandatory referendum.
3. *Salaries* — salaries of School Board Trustees and municipal officials should be based on a simple formula such as number of students or number of residents or tied to annual salaries of elected members of the Legislative Assembly.

4. *User Fees* — considerably more emphasis and application must be placed on user fees for services.
5. *Education Funding* — the funding formula should be redesigned so that further cost increases fall equally on residents, business and industry. In recent years, increases have been borne disproportionately by residents.
6. *Municipal Services Funding* — all residents and all businesses and industry must continue to contribute to the cost of providing and maintaining municipal services.

The Sullivan Report

It is also of particular significance that the *Sullivan Royal Commission Report on Education* also enunciated several principles relative to property taxation e.g.

. . . assessed value of residential property is NOT an indication of ability to pay (p. 46 Report Summary)

. . . there must be equity of the tax burden (p. 151)

. . . people related services such as education should be financed through taxes on income which are indexed to an individual's ability to pay (p. 156).

However, when the Sullivan Report was implemented these principles were totally ignored!

Also according to Sullivan, 70 per cent of taxpayers have NO children in the school system, yet this group of taxpayers (homeowners) is shouldering much of the burden of funding that British Columbia educational system! It is also interesting to note that the 1945 Cameron Commission on Education recommended property taxation should be cut as a means of financing education — *that was 49 years ago!*

The Property Tax Formula

Assessed values of residential property now vary far too widely for a fair distribution of school and municipal taxation — indeed the formula used for assessing the amount of property tax payable by homeowners for both education and other municipal taxes,

Assessed Value × Tax Rate = Property Tax Payable

ensures the continuation of the current inequities and unfairness in the system. Taxpayers feel that spending by school boards has become an addiction and, that assessed value as the basis for calculating the amount of property tax payable by a homeowner is nothing short of legalized extortion. On a given street in British Columbia, it is fair to say that all homeowners are paying different amounts of tax *yet all receive exactly the same municipal services regardless of how much tax is paid.*

The British Columbia Government's *Economic and Statistical Review* (p. 97) published in early October clearly indicates that residential property owners have faced huge tax increases during the past five years. Homeowners taxes have increased (on average) 8.3 per cent per year (more than twice the rate of inflation) while taxes on business have remained stable. Obviously therefore "Business and Industry" are being given preferred treatment compared to the homeowner, yet they benefit far more from education than the residential property owner.

Government claims that reductions to the property tax burden of industry, including the removal of machinery and equipment from the school tax base, was necessary to bring the property tax regime for industry into line with that in other provinces.

Public Opinion and the Assessment System

During the course of the panel discussions, two petitions signed by some 7,000 homeowners demanded that school taxes be removed completely from residential property, and fairness and equity be introduced into the taxation system. This represents a most significant expression of public opinion which the government would do well to heed! In addition, the enormous tax increases in Vancouver (Westside) and other areas in British Columbia are directly attributable to the "assessed value" system and the manner in which education is funded through property taxation. This situation

is a political time bomb. Many taxpayers are being alienated from supporting the present government, as the livelihood of many businessmen and women is threatened with extinction and hundreds of jobs will be lost due to crippling taxation. The desperate situation faced by small businesses and homeowners in Vancouver (Westside) is not an isolated phenomenon. Taxpayers for example in Whistler, Kimberley and Dawson Creek are faced with the same predicament. The only conclusion that can be drawn from the evidence received by the panel is that the assessment system is fundamentally flawed. The assessment philosophy is outmoded and fails to recognize that most homeowners today have spent a lifetime in acquiring their homes only to find that their lifetime investment is constantly being re-evaluated by the Assessment Authority for tax purposes and at the same time the principle of "ability to pay" is TOTALLY IGNORED! The panel was apprised of many situations where if assessed values declined, then mill rates were increased — and vice versa. Thus the homeowner/taxpayer is caught in a Catch 22 situation.

The British Columbia Assessment Authority (BCAA)

It was stated during one panel hearing that "the BCAA is doing the wrong thing but doing it very well". The complaints made by many taxpayers about the assessment system cannot be ignored! A distinguished lady MLA stated in her brief submitted to the panel that:

> ". . . It (the BCAA) is recognized throughout North America as a most competent organization. However that recognition is given by those who believe that hypothetical "actual", "real" or "market" values on homes should be the basis for (taxation) . . . but if it was ever so, it is so no longer"

Taxpayers do NOT believe that "assessed value" is an indication of wealth but rather an indication of savings decisions, taken by a homeowner in or during his working lifetime.

It is ironic that the annual BCAA operational cost to the taxpayer charged to British Columbia homeowners' property tax bills, is $42 million.

The Cause of the Property Taxation Gouge

The enormous increases in school taxation during the past five years are the principal cause of current taxpayer discontent. The government is responsible for this situation by giving school boards, in 1986, the power to levy taxes. That part of the residential school tax determined entirely by school boards is the tax to support the supplementary operating amount. Ministry of Education figures show that taxes required to support the supplementary operating amount province-wide have increased from $66 million in 1986/87 to some $238 million in 1989/90 (a 260 per cent increase).

Taxpayers were recently held to ransom by school teachers through their union, and by sympathetic school trustees. No other occupational group in British Columbia has received such enormous salary increases, and now because of the new *School Act* sec. 90 1 (a), trustees are adding insult to injury by raising their indemnities from a previous ceiling of $5,000 to, for example, $11,000 in Kelowna and $18,000 in Vancouver. Such trustee action is a further unacceptable burden placed upon British Columbia taxpayers, and the government fostered this deplorable action by legislation.

Concurrent Developments in the U.S.A.

On 13 October last, the Supreme Court of Texas ruled that the present taxation system in Texas for education based on property values was unconstitutional since it caused an unfair burden on homeowners in many Texas communities. This ruling is not without precedent as nine other States have also ruled that funding education through property taxation is unconstitutional. Certainly this ruling must have some applicability in British Columbia where our taxation system is also based on property value, thereby automatically creating unfairness.

In early October, the President of the United States, speaking to an audience of States Governors at the University of Virginia on the education crisis in the U.S.A. today made some interesting comments. For example, he said:

. . . More money would not solve the U.S. education crisis, it is the way the money is used that is important and the American taxpayers were not getting their money's worth;

. . . bold action was needed to produce reform legislation;

. . . more flexibility was necessary among bureaucrats;

. . . more discipline and teacher commitment is needed in schools;

. . . taxpayers are ready for radical reform;

. . . too many parents regard education as a service to be handed over to the school board. Education is NOT A UTILITY!

. . . business as usual was no good, we must shatter tradition.

These cogent remarks certainly have direct applicability in British Columbia today and British Columbia taxpayers are certainly ready for any bold innovative or imaginative government initiative to remedy the current property taxation predicament in the province, especially the school tax part of it.

Conclusion

In view of the foregoing remarks, property tax reform could be dealt with conveniently in two phases. Phase I would cover action to deal with the taxpayers' view that education costs are out of control and Phase II would bring equitability and fairness to municipal taxation where homeowners are paying disproportionate amounts of tax for municipal services.

With respect to school taxation, a former school board chairman made the following statement before the panel hearing in Saanich,

> "I submit that school boards were never intended to be 'taxing authorities', nor should they be. Education is the responsibility of the provincial government under the constitution and under the *B.N.A. Act* before it. The delegation of the administration of education to school boards does not relinquish the government of its responsibilities, nor does it make school boards a local government."

The Supreme Court of Texas in its opinion referred to earlier, also stated,

> "Some have argued that reform in school financing will eliminate local control, but this argument has no validity. An efficient system does not preclude the ability of communities to exercise local control."

British Columbia taxpayers believe that under the present property tax system there is no accountability to the taxpayer — accountability is a myth, as it takes a considerable effort to unseat an elected official and this can only be done every three years.

Many taxpayers believe that school boards in their present form should be abolished! Since "education" is a government responsibility and benefits all segments of British Columbian society, it can be argued that the government should control the management of school boards.

RECOMMENDATIONS

SCHOOL TAX

1. The power of school boards to levy taxes of any kind must be rescinded.
2. Education should be funded in its entirety by a specifically identified income tax on personal and corporate taxpayers.
3. An independent auditor should be appointed to audit the accounts of all school districts and the results of such audits should be published.
4. Salary negotiations for teachers and support staff should be the sole responsibility of the government and not of individual school boards.
5. Total school budgets province-wide should be indexed at $4,000 per student registered with future annual increases limited to the cost of living.

6. All new programs approved by the school boards should be strictly on the basis that 50 per cent of the new program cost will be borne by parents on a user fee basis. Such action will deter frivolous demands on the public purse.
7. School Trustees salaries should be set annually by the provincial government at $1 for each student registered as of September 30 of any year. The salary of the school chairperson should be set at $1.50 per student.
8. Consideration should be given to supplementing the cost of education by applying lottery profits to offset costs.

MUNICIPAL SERVICES

1. Under no circumstances should municipalities and regional districts be given the right to levy income taxes on residents.
2. Municipal cost increases must not be allowed to exceed the increases in the cost of living.
3. As many items which make up municipal services as possible, e.g. library costs, recreation facilities, garbage collection, etc., must be paid for on a user fee basis.
4. Education costs and municipal services costs should not be allowable expenses in calculating corporation provincial income tax.
5. Salaries of municipal elected officials must be limited to 25 per cent of MLA salaries (excluding allowances) or $0.25 per resident (as calculated from Hospital Plan rolls on December 31 of any year), whichever is greater.
6. Greater use must be made of present day sophisticated computer capability in tax calculation and collection.
7. Gasoline tax, ferry charges and road tolls are assessed without recourse to car value assessments, similarly municipal services charges should be levied without recourse to property values.

RESTRUCTURING BRITISH COLUMBIA SCHOOL ADMINISTRATION

1. General

(a) Implemented, above and beyond the needs of time, Christ's advice to "go forth and multiply", has served as a motivator for uncontrolled growth, not only in the world's population, but also in the various categories of civil service functions that purport to serve those who pay the freight.

(b) As an example, we see in Canada, an ever burgeoning number of civil service personnel integrated into the field of educational requirements which have grown over the years, and continues to grow, not in relation to need, but rather, in direct proportion to the vulnerability and naivete of the taxpayer.

2. British Columbia

(a) In British Columbia, a combination of inequitable imposition of taxes, coupled with the superfluous numbers and deviousness of those queued at the public trough, has contributed significantly to an untenable situation for the taxpaying public in general, and imposes harsh and unusual punishment on the residential taxpayer in particular.

(b) In addition to changing the tax gathering process for school purposes, as heretofore recommended, substantial savings can be achieved through the process of reorganization.

(c) An initial target to achieve economies through accountability and efficiency must start with the school boards and administration.

Comments and Recommendations of Mr. Conrad Adams

3. Restructure Boards

(a) One full time government representative for each school district, appointed by the government, to work with the superintendent and chair the board in the capacity of trustee.
(b) Appoint the superintendent for each district to the board for each district to the board as trustee — assistant superintendent to be alternative.
(c) Appoint the secretary treasurer for each district as trustee.
(d) Elect two additional trustees from the public sector.
(e) Salaries for the elected members would be set and paid for by the government.

4. Provincial Council

Delete in its entirety.

5. Area Branches of B.C.S.T.A.

Leave the 10 area branches in their present configuration and task them with responsibility for the work previously allotted to the Provincial Council.

6. Directors of the B.C.S.T.A.

To be elected from the 10 area branches.

7. Job Descriptions

Details to be worked out at a later date with appropriate consideration for existing policies, the new *School Act* and the Sullivan Report.

APPENDIX 1

Provinces That Levy/Do Not Levy School Taxes on Residential Property

PROVINCE	SCHOOL BOARDS TAXING AUTHORITY
British Columbia	Yes — No Limits
Alberta	Yes — No Limits
Saskatchewan	Yes — No Limits
Manitoba	Yes — No Limits
Ontario	Yes — No Limits
Quebec	Yes — Referendum approval required for mill rates higher than 2.5 or expenditures higher than 6% above the core.
New Brunswick	No — Province levies property tax.
Newfoundland	Local School Tax Authority can levy poll tax and commercial property tax.
Prince Edward Island	No — Province levies property tax.
Nova Scotia	No — Province levies property tax.

APPENDIX 2

Forum Presentations — Oral

The following persons and organizations made oral presentations to the forum, listed in order of presentation at each location of the public meetings.

CAMPBELL RIVER

L.G. Robinson	Courtenay
R. McDonald	Chamber of Commerce, Campbell River
J.Harrison	School District 68, Nanaimo
D.M. Jones	British Columbia School Trustees Association, Vancouver
L. Skrlac	School District 85, Vancouver Island North
N. Chernoff	Campbell River
F. Roboch	Black Creek
H. Baikie	Campbell River
I. Myers	Campbell River
D. Brennan	Nanaimo
W. Peterson	Victoria
R. McBratney	School District 72, Campbell River
C.T. Larrington	Saanichton
N. Holbek	Black Creek
C. Nelms	Merville
Mayor T. McCrae	Village of Tahsis
C.M. Shaw	Campbell River
D. Samson	Campbell River
M. Ferguson	Powell River

DAWSON CREEK

Alderman W.I. Rose	District of Tumbler Ridge
J. Delawsky	Dawson Creek
J. Liebgott	Chamber of Commerce, Dawson Creek
M. Croutch	Dawson Creek
B. Browns	Chairman, Board of School Trustees, School District 59, Peace River South
Alderman R. Downie	City of Dawson Creek
Mayor C. Lasser	District of Chetwynd
P. Sykes	Dawson Creek
D. MacCuish	Chetwynd
E. Buckley	British Columbia School Trustees Association, Vancouver
E. Mah	Dawson Creek
R. Loncay	Dawson Creek
B. Knutson, Chairman	Peace River Regional District, Dawson Creek
B. Lawrence	School District 59, Peace River South
M. Henney	Dawson Creek
Mayor F. Parker	Town of Fort Nelson
G. Wilks	Dawson Creek
S. Side	Dawson Creek
W. Chelle	North Interior Branch of School Trustees, Charlie Lake
L. Burkholder	Dawson Creek
J. Herron	Fort St. John
Mayor P. Walsh	City of Fort St. John
B. Todrick	Charlie Lake
H. Hannaford	School District 60, Peace River North
B. Churchill	School District 60, Peace River North

CASTLEGAR

D. D'Angelo	New Denver
R.A. Docksteader	Regional District of Kootenay Boundary, Grand Forks
Alderman D. Bogs	City of Trail
J. Lindsay	School District 7, Nelson
D. Schultz and G. Stein	Castlegar
Alderman A. Underwood	City of Rossland
A. Carrel	City of Rossland
J. Hamacher	British Columbia School Trustees Association, Vancouver
T. Cresswell	Christina Lake
Mayor A. Moore	City of Castlegar
J.E. MacNabb	School District 86, Creston-Kaslo
G. Turner	Castlegar
D. Pearce	Nelson
D. Hogan	Castlegar
B. Horvath	Castlegar
D. Pearce	Nelson

CRANBROOK AND KIMBERLEY

J. Hamacher	Kimberley
T. Miller	Sparwood
K. Strang	Cranbrook
A. Johnston	Kimberley
Mayor R. Jensen	City of Cranbrook
A.G. Lowden	Cranbrook
B. Shannon	Wasa
J. Patterson	Kimberley
F. Reid	Cranbrook
Mayor J. Ogilvie	City of Kimberley
L. Sacilotto	Kimberley
B. Lindsay	Invermere
L. Musil	Sparwood
G. Zinovich	Kimberley

TERRACE

G. Houlden	Terrace
Chief H. Morgen	New Aiyansh
H. Ciesbrecht	Terrace
B. Haslett	Smithers
B. Barnewall	Prince Rupert
A. Meeuwissen	Houston
J. Ling	Kitimat
J. Pousette	Terrace
N. Hayduk	Nass Camp
G. McNish	Prince Rupert
E. Bekar	Smithers
Mayor J. Telstra	City of Terrace
E. Cooper	Terrace
C. Schoenfeld	Terrace
D.G. Morris	District of Kitimat

PRINCE GEORGE

Alderman N. Anderson	Village of Burns Lake
J. LeBlanc	Prince George
J. Cruch	Prince George
L. Williston	Prince George
G. Omgallis	School District 57, Prince George
I. Evans	Prince George
Mayor J. Backhouse	City of Prince George
R. Nichiporuk	Vanderhoof
L. Harris	Prince George
C. Kinsley, Chairman	Fraser-Fort George Regional District
P. Koncg	Prince George
C. Catarino	Prince George
J. Geisser	Prince George
C. Paulie	Prince George
B. Holtby	Prince George
E. Dylke	Prince George
G. McFee, Chairman	Bulkley-Nechako Regional District
E. Westerlund	Dome Creek
K. Edzerza	Vanderhoof

KAMLOOPS

E.D. Charles	Chase
P. Caissie	Clearwater
W.J. Ridgway	City of Kamloops
J. Pierce	Salmon Arm
H. Kintzinger	Clearwater
J. Frolek	Kamloops
W. Daviduk	Kamloops
B. Brady	Kamloops
G. Bell	Revelstoke
R. Scott	Knutsford
D. Pochay	Kamloops
L. Bawtree	Enderby
E. McKay	Kamloops
Alderman S. Culver	City of Kamloops
R. Renkema	Kamloops

QUESNEL

J. Wark	Quesnel
Mayor M. Pearce	City of Quesnel
B. Turner	Quesnel
J. Urquhart	Quesnel Teachers' Association
K. Oakley	Quesnel and District Taxpayer Association
K. Watkin	Quesnel and District Taxpayer Association
B. Crawford	Quesnel
J.E. Karney	Dragon Lake
L. Scott	Quesnel School Board
K. Robertson	Quesnel School Board
T. Klotz	Quesnel School Board
P. McMuldroch	Quesnel School Board
L. Banks	Quesnel
R. Cullis	Quesnel
O. Pellizzari	Quesnel
M. Eastman	Paper Union — Local 1115, Quesnel

WILLIAMS LAKE

W. Atchison	Williams Lake
Alderman C. Wise	City of Williams Lake
D. Manning	South Cariboo Labour Council, Williams Lake
R. Voth	Williams Lake
D. Zirnhelt	School District 27, Cariboo-Chilcoltin
T. Scott	Williams Lake
B. Garland	Williams Lake

VANCOUVER (WEST SIDE)

J. Hayes	Vancouver
K. Novakowski	British Columbia Teachers Federation, Vancouver
Mayor G. Blair, Chairman	Greater Vancouver Regional District
B. Brown	Vancouver School Board
A. White	Vancouver
S. Buie	Vancouver
W. Baker	Vancouver
D. Marzari, MLA	Vancouver-Point Grey
O. Roberts	Vancouver
E. Des Roches	Vancouver
Alderman P. Owen	City of Vancouver
E. Leyland	Vancouver
F. Dick	Vancouver
L. Korsch	Vancouver
E. Crichton	Vancouver
A. Molloy	Building Owners' & Managers' Association, Vancouver
H. Ansley	Vancouver
E. Atkinson	Vancouver
H.R. Alley	Vancouver
T. Shiffman	Vancouver
B. Yorke	Vancouver
D. Stewart	Vancouver
G. Horwood	District of West Vancouver
E.L. Hadley	Vancouver
C. Garside	Vancouver
B. Tangye	Vancouver
I. Minty	Vancouver
D. McJunkin	School District 37, Delta
B. Parton	Vancouver
J.C. Lecky	Vancouver
L. Forster	Vancouver
D. Mowat, MLA	Vancouver-Little Mountain

VANCOUVER (EAST SIDE/BURNABY)

Alderman D. Drummond	District of Burnaby
L. Hollington	Coquitlam School Board
C. Jones	School District 41, Burnaby
E. McLellan	Vancouver
L. Devries	Burnaby
W. Galetzka	Burnaby
T. Fabian	Burnaby
R. Chang	Vancouver
C. Iverson	Vancouver

E. Dean	Burnaby
N. Joostema	School District 42, Maple Ridge-Pitt Meadows
E. Aird	Coquitlam
K. Schmidt	Vancouver
J. Turner	Vancouver
K. Ballantyne	Port Coquitlam
A. De Genova	Vancouver

ABBOTSFORD

A. Davis	Chilliwack
F. Crontaeger	Mission
E. Bryan	Chilliwack
A. Bellerive	Aldergrove
K. Stenerson	New Westminster
M. Rothnell	Abbotsford
F. Hays	Mission
C. Taylor	Clearbrook
C. Roe	Mission
K. Linden	Mission School Board
D. Jones	British Columbia School Trustees Association, Vancouver
R. Jones	Abbotsford
G. McIvor	Mission
D. Williamson	Mission
A. Harper	Mission
A. Prinse	Chilliwack

SURREY

Mayor J. Lopushinsky	City of Langley
J. Dann	Surrey
J. Sydnan	White Rock
Alderman S. McKinnon	District of Surrey
B. Fedoration	New Westminster
S. Magnusson	Langley
R.L. Nickel	Surrey
C. Steacy	Surrey
M. Thurgood	Surrey
Mayor B. Bose	District of Surrey
A. Houghland	Surrey
W. Lavers	Surrey
Alderman R.A. McMath	Township of Richmond
P. Priddy	School District 36, Surrey-White Rock
J. Eddington	Surrey
Alderman B. Schrenk	District of Surrey
N. Blain	Surrey Chamber of Commerce
B. Mostat	Richmond School Board
D.C. Watkins	Surrey
H. Cooper	Surrey

SQUAMISH

Mayor P.A. Turner	District of Squamish
Alderman B.D. Giles	District of Squamish
P. O'Mara	Whistler
P.V. Gordon	School District 48, Howe Sound

G. Tomalty	Whistler
M. Ferguson	School District 47, Powell River
B. Titterton	Whistler
T. Patterson	Garibaldi Highlands
Mayor D. Meredith	Resort Municipality of Whistler
Alderman T. Johnston	Resort Municipality of Whistler
Alderman L. Wilbur	District of Squamish
Alderman W.H.R. Barr	District of Squamish
H. Scherrer	Squamish
N. Raine	Whistler
G. Watson	Whistler
R.D. Cumming, Chairman	Squamish-Lillooet Regional District
L.C. Minchin	Squamish

SAANICH

C. Benn	Victoria
Alderman S. Watt	District of Metchosin
Alderman P. Goertren	City of Colwood
L. Larrington	Saanichton
D. Gunn	Sidney
R.E. Belfit	Victoria
W. Peterson	Victoria
K. Cowan	Victoria
S. Moir	Brentwood Bay
D. McGee	Victoria
B. Gordon	Victoria
N. Vallance	Juan de Fuca Chamber of Commerce
D. Jones	Greater Victoria School District
W. Cheal	Sidney
T. Demers	Victoria
G. Rachaluba	Victoria
J. Campbell	Victoria
H.L. Campbell	Oak Bay
D. Moss	Duncan
N. Lindsay	Victoria
E. Dalzell	Victoria
R. Gillespie	Victoria
M. Marshall	Superintendent of Schools, Gulf Islands
D. Shoolingin	Victoria
W.G. Sanborn	Duncan
L. Mann	Victoria
J. Brett	Victoria
C. Hingston	British Columbia School Trustees Association
M. Loveless	Victoria
D. Eyles	Gulf Island School Board
G. Denford	Saanichton
L. Greenwood	Victoria
A. King	Victoria
C. Harrigan	Sooke Parent Education Advisory Council
H. Shannon	Sidney
A. Jenner	Victoria
B. Mattison	Langford
V. Soehngen	Victoria
Klumack	Victoria
Alderman I. Block	District of Saanich
S. Hammick	Victoria

KELOWNA

B. Beardsell	Vernon
J. Ross	Kelowna
M. Bohn	Kelowna
J. Meade	Revelstoke
J. Kapalka	Kelowna
L. Slemko	Kelowna
A. Turner	Kelowna
T. Drury	Kelowna
G. Moore	Kelowna
J.G. Prior	Vernon
R.N. Valair	Vernon
R. Heidrick	Kelowna
L. Wall	Kelowna
S. Spiller	School District 22, Vernon
G. Attree	Kelowna
B. Fydell	Kelowna
P. Marett	Westbank
J. Sivak	Kelowna
G. Nicholls	Westbank

APPENDIX 3

Forum Presentations — Written

The following persons and organizations made written presentations to the forum, listed in order of receipt of the presentations. (Cut-off date for inclusion: October 6, 1989.)

Property Tax Reform Committee
M. Thurgood
School District 72
R.E. Belfit
C. Nelms
L.G. Robinson
C. Shaw
H. Macy

D.R. Paget
J. Lamb
M. Hanson
Alderman R. Downie
B. Knutson
D. Parminter
Peace River South Teachers Association
P. Croutch
J. Delasky

School District 59
S. Side
W. Lawrence
P. Sykes
S. Thorlakson
District of Tumbler Ridge Chamber of Commerce
G. Wilks

J.H. Mitchell
L.M. Souza
E.R. Shipmaker
J. Nunn
W. Hyde
School District 7
D. D'Angelo
A.G. Lowden
School District 3
School District 1
J. Fleming
The Council of the City of Rossland
R. Maddocks
C. Price
The Council of the City of Trail
The Council of the City of Castlegar
A.M. Garside
Mayor R. Jensen
K. Strang
R. Docksteader
D. Schultz and G. Stein

Victoria
Surrey
Campbell River
Citizens for Tax Reform, Victoria
Merville
Courtenay
Campbell River
North Island Woodlot Association, Campbell River
Langley
Brentwood Bay
School District 71, Courtenay
City of Dawson Creek
Peace River Regional District
Dawson Creek
Dawson Creek
Dawson Creek
South Peace River Ratepayers' Association, Dawson Creek
Peace River South
Dawson Creek
Dawson Creek
Dawson Creek
City of Fort St. John

Dawson Creek and District
Peace River South District Parents' Advisory Council
Victoria
Vancouver
Regional District of North Okanagan
Victoria
Cranbrook
Nelson
School District 10, Arrow Lakes
School District 2, Cranbrook
Kimberley
Fernie
Lytton

Castlegar and District Development Board
Rossland

School District 2, Cranbrook
City of Cranbrook
Cranbrook
Grand Forks
Castlegar

Mayor J. Ogilvie	City of Kimberley
W. Roesner	Vernon
O. Corcoran	School District 55, Burns Lake
School District 54	Bulkley Valley
School District 52	Prince Rupert
H. Giesbrecht	Terrace
G. Houlden	Terrace District Teachers' Association,
J. Ling	School District 80, Kitimat
J. Pousette	School District 88, Terrace
K.C. Whitley	Courtenay
D. Jones	British Columbia School Trustees Association, Vancouver
M.I.A. Ward	Victoria
M. Stonehouse	Dawson Creek
W.G. Fudge	Mayne Island
W.L. Draper	Cranbrook
R.E.W. Turner	Nelson
L. Auger	Campbell River
Alderman J. Hannam	District of Chetwynd
C. Horton	Nelson
Mayor Lela Irvine	Town of Creston
G. Macey	Sidney
H.W. Osachoff	City of Revelstoke
J.G.R. Scales	Salmon Arm
W.L. Rae	Trail
C.B. Campbell	Salmon Arm
C. Kingsley	Regional District of Fraser Fort George
W.J. Ridgeway	City of Kamloops
Mayor M. Pearce	City of Quesnel
D. Manning	S. Cariboo Labour Council, Williams Lake
G. Inglis	School District 57, Prince George
E. Dylke	Prince George
J.I. Evans	Prince George
D. Smith	Victoria
J. Boulter	Victoria
Bulkley-Nechako Regional District School District 56	Nechako
R.G. Holtby	School District 57, Prince George
The Council of the City of Prince George	
E. McKay	Kamloops
P. Caissie	Clearwater
J. Frolek	Kamloops
School District 26	North Thompson
E.D. Charles	Chase
School District 24	
P.N. Pierce	Salmon Arm
M. Rawson	Sorrento
J. Karney	
J. Wark	Williams Lake
K. Watkin	Quesnel & District Ratepayers' Association
L. Scott	Quesnel Board of School Trustees
The Council of the City of Williams Lake	
Mayor D. Barnett	Village of 100 Mile House
R. Cullis	Williams Lake
R.H. Robinson	Sidney
R.D. Lowcay	South Peace Think Tank, Dawson Creek

J.C. Marshall	Sidney
R. Duncan	Brentwood Bay
Mayor F. Parker	Town of Fort Nelson
W.H. Le Courtois	Brentwood Bay
A. Moran and R. Wilson	Dawson Creek
F. Dows	Vernon
A. Forrester	Harrop
P.A. Taylor	Town of Golden
S.E. Soward	Victoria
K. Hunter	Queen Charlotte City
W.E. McLean	Campbell River
R.H. Umbach	Sidney
M.A. Turner	Anglemont
D. Garthwaite	Sidney
C.D. Williams	Sidney
B. Clark	Victoria
D.E. Broder	Victoria
J. Eddington	Surrey
School District 36	Surrey
B.D. Meakin	Vancouver
Greater Vancouver Regional District	
J.C. Lecky	Vancouver
L. Atkinson	Vancouver
I. Beveridge	Vancouver
G.L. McCarthy, MLA	Vancouver-Little Mountain
Vancouver School Board	Vancouver
K. Novakowski	British Columbia Teachers' Federation
H.R. Alley	Vancouver
D.K. McJunkin	Delta
A. White	Vancouver
D. Eyles	School District 64, Gulf Island
L. Watson	Vancouver
The Corporation of the District of West Vancouver	
E. DesRoches	Vancouver
W. Baker	Vancouver
J.L. Hayes	Vancouver
E. Aird	Coquitlam
School District 41	Burnaby
School District 42	Maple Ridge-Pitt Meadows
K. Linden	School District 75, Mission
Chilliwack School District	Chilliwack
K. Stenerson	New Westminster
R. Jones and D. Kirichenko	Abbotsford
C. Taylor	Clearbrook
A.G. Prinse	East Chilliwack Farmers' Institute
S. McKinnon	Surrey
Corporation of the Township of Richmond	
Alderman R.A. McMath	Corporation of the Township of Richmond
The Municipal Council of the District of Surrey	
B. Schrenk	Surrey
C. Bird	The Corporation of the City of White Rock
D.C. Watkins	Heal Agencies, Surrey
Gateway Gardens Retirement Housing Development, Surrey	
A. Molloy	Vancouver
P. O'Mara	Whistler

N. Raine	Whistler
G. Watson	Whistler
C. Fuegi	Whistler
H. Schrer	Squamish
Mayor P. Turner	District of Squamish
The Royal Canadian Legion — Branch 277	Squamish
P. Gordon	School District 48, Howe Sound
A. Thornhill	Delta
Resort Municipality of Whistler	Whistler
M. Ferguson	School District 47, Powell River
K. Benn	Victoria
Alderman S. Watt	District of Metchosin
Alderman P. Goertzen	District of Colwood
C.T. Larrington	Victoria
S. Moir	Victoria
D. McGee	Victoria
N. Vallance	Juan de Fuca Chamber of Commerce, Victoria
Greater Victoria School District	Victoria
J. Campbell	Victoria
H.L. Campbell	Victoria
D. Moss	Duncan
N.G. Lindsay	Victoria
E. Dalzell	Victoria
W. Gordon Sanborn	School District 65, Cowichan
D. Eyles	School District 64, Gulf Islands
R. Redden	Sooke Parents' Education Advisory Council
H. Shannon	Victoria
F. Partridge	Victoria
A. Molloy	Victoria
B. May	Saanichton
J. Stone	Sidney
D. Cherry	Victoria
J.L. Walker	Victoria
R. Wismer	Sidney
L. Farrell	Victoria
L. Skrlac	British Columbia School Trustees Association, Port Hardy
J.K. Sturrock	Victoria
P. Lam	Vancouver
D. Smith	School District 19, Revelstoke
D. Wade	Prince George
R. van de Riet	Vancouver
R.M. Willcock	Vancouver
S. Wong	Vancouver
R.L. Worsley	Mill Bay
E. Flanagan	Victoria
D.H. Black	Victoria
D.J. Osborn	Victoria
L.B. Hallatt	Nanaimo
G.J. Krebbers	Armstrong
S.C. Wood	Surrey
R.E. Stevens	Sidney
J. Jamison	Vancouver
D. Pearce	Vancouver
L.O. Bacon	School District 21, Armstrong-Spallumcheen
O. Leung	Surrey

G.E. Moore	Kelowna
K. Henery	Victoria
G.R. Cove	Victoria
D.B. Buchanan	Victoria
P. Newport	Powell River
T. Melling	Eagle Bay
E. Bryan	Chilliwack
G. Rasmussen	Prince George
D.R. Comis	The Corporation of the District of Burnaby
D.J. Spaulding	Pender Island
W.R. Newhouse	Invermere
B.D. St. George	Kelowna
W.K.F. Schuldes	Victoria
G.J. Buckley	Delta
A. Oliver	Port Alberni
H.C. Shannon	Sidney
W. McCreadie	Greater Victoria Chamber of Commerce
A. Nemetz	Vancouver
D. Paquette	Sidney
M. Gilkinson	Victoria
D.B. Smith	Victoria
B. Bodenhoff	Oliver
L. Campbell	Cache Creek
J.T. Wayling	Superintendent of Schools, Castlegar
L. Bradley	Sicamous
C.D. Palmer	Victoria
H. Dennis	Prince Rupert
R. Lewis	Vancouver
D.R. Harrison	Kitimat
L.B. Tickles and Z. Smith	Calgary, Alberta
D. Pearce	Nelson
L.J. Desilets	Aldergrove
D.P. Faulks	Courtenay
R. Bradley	Sicamous
M.M. Haley	Ladysmith
E.A. Perkins	Victoria
G. Harrison	Victoria
A. Barton	Clearbrook
J. Grant	North Vancouver
M. Batts	Vancouver
V. Cole	Burnaby
W. Lawrence	Dawson Creek
J.A. Milburn	Prince George
C. Piper	Dawson Creek
E.L. Kaye	Surrey
R. McMillan	Vernon
V.A. Starchuk	Enderby
N. Bayoff	Castlegar
C. Nielsen	West Vancouver
C. Frizell	Vancouver
E.A. Keate	West Vancouver
P.J. Brutton	Vancouver
H. Tabbutt	Vancouver
S.M. Buie	Vancouver
A.K. Innes	Prince Rupert
A. Dinis	Delta

J. Gore	Abbotsford
G.K. Cowan	Saanich
W.A. Gebhard	Victoria
M.M. Pruden	White Rock
S.M. Lyon	Prince George
R.W. Burnett	Victoria
S. Schindler	Johnsons Landing
D.J. Hunt	Sidney
R. Spurr	Castlegar
E. Des Roches	Vancouver
D. McGill	Winfield
G. Eschbach	Vernon
W. Chalker	Victoria
G. Lancaster	Cranbrook
D. Henderson	West Vancouver
S.L. Koshure	Vancouver
G. Capadouca	Burnaby
Springfield Manor	Kelowna
B. Gordon	Victoria
J.K. Ross	Kelowna
School District 22	Vernon
Boundary Transportation	
Mayor B. Roy	Village of Cache Creek
I. Wotton	Vancouver
E.R. Thompson	Ladysmith
I.H. Lloyd	North Burnaby
V. Tuss	Vancouver
M.M. Carrigan	Trail
M. Molnar	Summerland
B. McDonnell	Trail
E. Schultz	Armstrong
T. King	Lone Butte
J. Knaus	Sechelt
M. Whitehead	Eagle Bay
F.G.B. Andrews	Sidney
R.J. Dingle	Calgary, Alberta
R.D. Jones	Nanaimo
E. Dean	Burnaby
Alderman B. Schrenk	District of Surrey
R.H. Cooper	White Rock
A.W. Webb	Chilliwack
F.W. Stainton	Balfour
L. Haukka	Grindrod
C.S. Scrambler	Cache Creek
J.P. Johnston	Vancouver
F.G. Leeke	Victoria
E. Travis	Victoria
J. Robinson	Victoria
B.L. Merritt	Ladysmith
A. Hallet	Kelowna
R. Swinburne	Saanichton
M. Thatcher	Abbotsford
H. Trudeau	Aldergrove
A.M.J. Oberle	Armstrong
A.W. Lawrence	Lantzville
R. Wiebe	Surrey

B. Grindlay	Aldergrove
Mayor J. Lopushinsky	City of Langley
W. McAllister	Abbotsford
T. Leslie	Langley
C. Peacock	Victoria
M. Grinnell	School District 35, Langley
R.G. Holtby	Prince George
H. Page	Victoria
School District 45	West Vancouver
T. Dohan	Victoria
L. Greenwood	Victoria
R. Hokazono	Kelowna
H. van Bodegom	South Surrey
S. Leyland	Langley
C. Simpson	Victoria
School District 49	Central Coast
J.F. Rogers	Calgary
Ayriss	West Vancouver
Mehrer	Town of Creston
A. Koehli	White Rock
Friesen	White Rock
Culos	Powell River
H.A. Beauchesme	Powell River
L. Korsch	Vancouver
R.S. Forsythe	Chilliwack
V.H. Williams	School District 28, Quesnel
W.E. Thompson	Kelowna
B. Molinaro	Penticton
V.H.D. Vaughan	Sechelt
H. van Eijnsbergen	Vancouver
R. Holt	Port Alberni
B.J.A. Finnie	Vancouver
D. Keyser	White Rock
G.R.W. King	Vancouver
M. Todd	Courtenay
W. Galetzka	Burnaby
J.K. Krause	Victoria
E.W. Thorpe	Surrey
M.G. Dalen	Kitwanga
F. Massullo	Powell River
M.D. Nerjacks	Surrey
E.J. Brooks	Black Creek
R. Harper	Dawson Creek
D.L. Griffin	Vancouver
L. Flynn	Smithers
L.D. Murray	Kimberley
B. Thompson	Gillies Bay
C.L. Olson	The Corporation of the City of Nelson
G. Tomalty	Whistler
J. Bridger	Kamloops
M. Dones	Vancouver
F.K. Mabbutt	Burnaby
Chamber of Commerce	Fort St. John and District
E.J. Ferguson	School District 45, West Vancouver
M. Heily	Dawson Creek
M.J. Shack	Brentwood Bay

A. Shack	Brentwood Bay
A. Fricker	Nakusp
C. Lakes	Trail
R.D. Flitton	Victoria
J. Mossey	Port McNeill
K. Schmidt	Vancouver
J. Meredith	Victoria
F. Williston	Sidney
J.L. Frazer	Ganges
J.M. Groat	Comox
G. Horwood	The Corporation of the District of West Vancouver
P. MacDonald	Cranbrook
D. McIntosh	Kelowna
L. Abramson	British Columbia Chamber of Commerce
Cominco Ltd.	Trail
R.W. DeWolfe	West Vancouver
G. Hansen	Salmon Arm
K. Genge	Hornby Island
P. Olson	Vancouver
L. Jones	West Vancouver
G. Fraser	Vancouver
P.G. Holloway	Oak Bay
D. Abercrombie	Victoria
J. Bell	Vancouver
H. Webb	Vancouver
H. Rice	Vancouver
K. Rae	Kelowna
A. Olsen	Victoria
J.C. Barbour	North Burnaby
S. Farley	Burnaby
J. Wyse	North Vancouver
A. Myette-Spence	Whistler
R. Jeannotte	Langley
M. Thompson	Whistler
E.G. Smith	Westbank
L. Schemmer	West Vancouver
A. DellaTina	Burnaby
A. Legdon	Victoria
P. Grace	Burnaby
M. Doyle	Vancouver
M. Allen	Burnaby
J. Findlay	Whistler
L. Lodder	Grand Forks
E. Krieger	Whistler
K. Hill	Whistler
A. McGowan	Victoria
I. Hartmann	Coquitlam
A. Hill	Whistler
L. Salanski	Kamloops
M. Linsley	Vancouver
K. Mahon	Vancouver
H. Smith	Vancouver
R. Brown	North Vancouver
M. Groves	Vancouver
J. Boulter	Victoria
G. Muller	Vancouver
J. Loughlin	Vancouver

APPENDIX 4

SOURCES OF SCHOOL AND MUNICIPAL FUNDING

Schools **1989/90**

• Gross expenditure on schools[1]	$2,589 million

• Provided by:	$ million	per cent
— provincial government	2,029	78.4
— residential property taxation 792 less: home owner grant (343)	449	17.3
— miscellaneous revenue	111	4.3
	2,589	100.0

[1] Includes operating and capital expenditure. The year refers to school fiscal year.

Municipal Revenue Sources * **1987**

	$ million	per cent
Property and other taxes[2]	973	60
Grants in Lieu of property taxes	59	4
Grants from other governments	164	10
Fees and sales of service	376	23
Transfers from other funds	45	3
TOTAL	1,617	100

* does not include $ for sewer and water taxes.

[2] includes residential property tax ($471 million) and non-residential property tax ($420 million).